

**Presentations
for the
January 27, 2020
City Council Meeting**

FINANCE



Staff Update and Council Consideration Regarding Polling Results, Analysis, and Public Outreach and Potential Direction Regarding a Possible Local Tax Ballot Measure for 2020 Election

Item #12 City Council
January 27, 2020

How we arrived here...City Council Direction

- A. ***Consider a general business tax measure focused on head count or square footage as the units of measure;***
- B. ***Consider a parcel tax measure focused on square footage as the unit of measure;***
- C. Potential revenue proceeds allocations to transportation and/or affordable housing shall be determined at a later date and informed by polling;
- D. ***Continue further refined analysis on potential exemptions and tiered tax rate structures with the following guidance: maintaining estimated revenue generation between 1 and 10 percent of General Fund revenues, focus on implications regarding retail, restaurants, hospitality, and medical industries, and keeping potential tax structures simple and modern minimizing exemptions;***
- E. ***Continue to review any potential ballot measures as either a general tax (with nonbinding advisory language on intended use of funds) or a special tax measure;***
- F. Consider a parcel tax or General Obligation (GO) Bond for unfunded infrastructure projects at a later date;
- G. Discuss next steps including continued stakeholder engagement with multiple business types;
- H. ***Direct Staff to get an information sheet on San Francisco and East Palo Alto's various business taxes; and***
- I. Develop a round of polling to test the type of taxation, levels of taxation, a phase in period and tiering based on type of business;
 - A. Test payroll, headcount, and square footage taxes

City Council direction September 16, 2019 (6-1)

Tonight's Conversation

Staff recommends that the City Council:

- 1) *Accept the Finance Committee recommendation from December 17, 2019 to the City Council:*
 - a) *Consider the following taxes in the following order of preference: Business Tax by Employee Headcount, Parcel Tax by Square Footage, and Business Tax by Square Footage;*
 - b) *Approve the following characteristics:*
 - i) *An escalator as a preference;*
 - ii) *No sunset;*
 - iii) *Online and administratively easy filing available, including having some ability to enforce the filings;*
 - c) *Make a decision on the following, to be informed by polling results:*
 - i) *A specific tax or a general tax;*
 - ii) *Who is being taxed, a tiered rate versus flat rate, as well as tiered by business use; and*
 - d) *Direct Staff to continue to work on the following:*
 - i) *Work on a metric stating the average dollars by the number of employees for comparable cities, regardless of exemptions, tier, or rate structure*
 - ii) *Begin to develop proposed use of funds and*

Tonight's Conversation (cont'd)

Staff recommends that the City Council:

- 2) Review the results of the initial public opinion survey; and
- 3) Provide direction to staff on next steps in developing a potential local tax ballot measure including, but not limited to:
 - a) Tax type and metric (e.g. business tax by employee count);
 - b) Target magnitude of estimated new revenue to be raised by a tax; and
 - c) Inclusion of different tiers and/or exemptions and desired characteristics of each

Major Components to Consider

Structure

Tax Method/Unit of Measure

General/Specific & Passage Rate

Legally Required Exemptions

Exemptions by Council Policy

Revenue & Modeling

Taxation Level (% of General Fund)

Rate Structure (flat or tiered)

Avg. Annual Fee

Tax Rate per Unit

Administration

Data Sources

E.A.S.E.

Administration/
Staffing Levels

Three Major Tax Methods Summary

Method/Unit of Measure	Parcel Tax Square Footage	Business Tax Head Count	Business Tax Square Footage												
Voter Passage Rate	2/3 Supermajority	General Tax: simple majority Special Tax: 2/3 supermajority													
Legally Required Exemptions	Properties exempt from 1% ad valorem	Non-profit or charitable organizations, banks that pay state in-lieu tax, small residential care facilities, small home childcare facilities													
Rate Structure	Flat tax rate / sq ft.	Flat OR Tiered tax rate / EE	Flat OR Tiered tax rate / sq. ft.												
Council Policy Exemptions	1% GF \$1.1M 10% GF \$11.2M	<table border="0"> <tr> <td><u>Flat</u></td> <td><u>Tiered</u></td> </tr> <tr> <td>1% GF \$63K</td> <td>1% GF \$285K</td> </tr> <tr> <td>10% GF \$6.4M</td> <td>10% GF \$2.8M</td> </tr> </table>	<u>Flat</u>	<u>Tiered</u>	1% GF \$63K	1% GF \$285K	10% GF \$6.4M	10% GF \$2.8M	<table border="0"> <tr> <td><u>Flat</u></td> <td><u>Tiered</u></td> </tr> <tr> <td>1% GF \$1M</td> <td>1% GF \$286K</td> </tr> <tr> <td>10% GF \$10.2M</td> <td>10% GF \$2.9M</td> </tr> </table>	<u>Flat</u>	<u>Tiered</u>	1% GF \$1M	1% GF \$286K	10% GF \$10.2M	10% GF \$2.9M
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Annual Revenue \$2.3 M to \$23.2 M	Rates model legal exemptions only	Rates model legal exemptions and Council exemptions	Rates model legal exemptions only												
Data Source	Santa Clara County Does not categorize by business industry	Quarterly data reported to the EDD	Third Party Real Estate Databases												
Administration	City prepares calculation for County to collect	Consultant and/or staff overseeing tax administration and contract administration.													



Palo Alto Voter Views of a Potential Business Tax

*Key Findings from a Survey of Likely Voters
Conducted January 13-20, 2020*



OPINION
RESEARCH
& STRATEGY

Methodology

- 514 interviews with Palo Alto voters likely to participate in the November 2020 election
- Conducted January 13-20, 2020, online and via landline and cell phones
- Margin of sampling error of +/- 4.9% at the 95% confidence level
- Due to rounding, some percentages do not add up to 100%
- Selected comparisons to prior research in the city

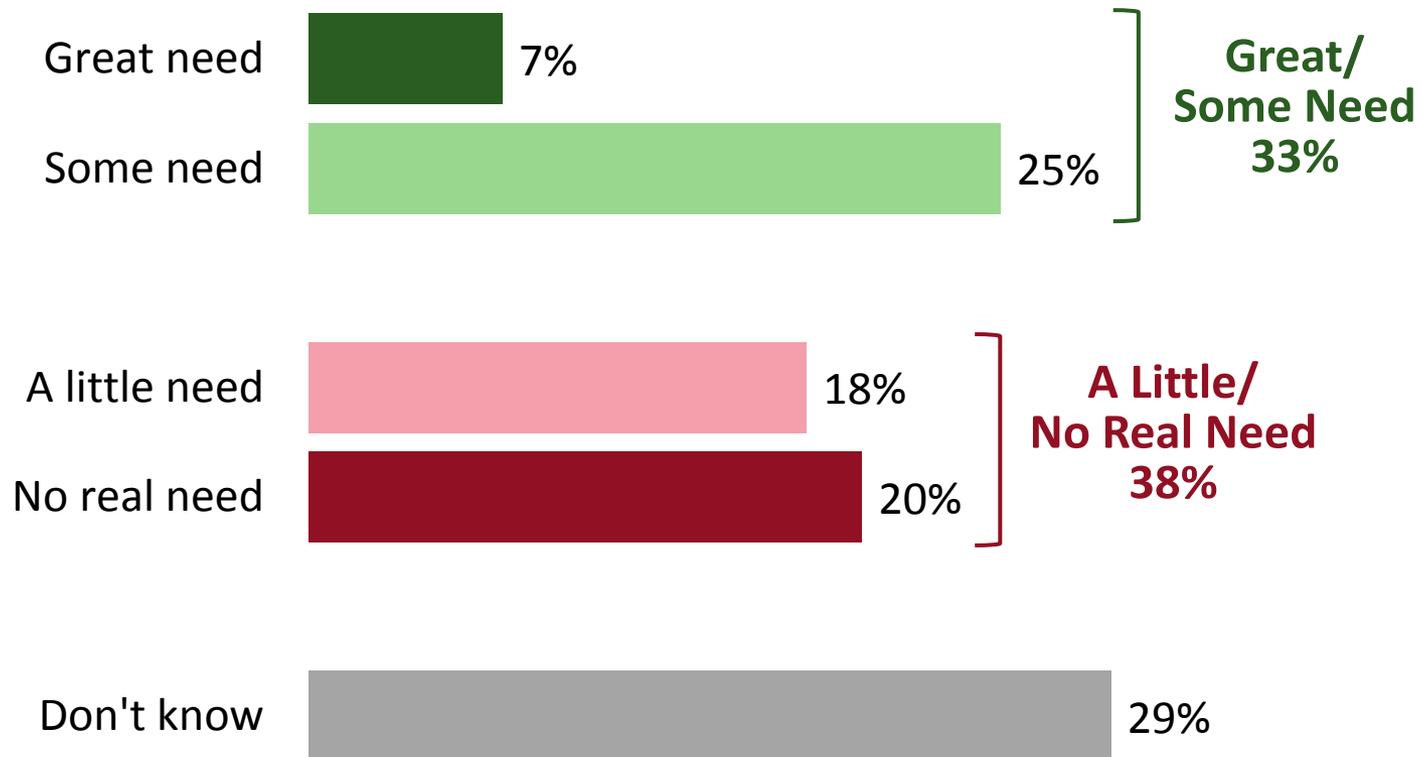




Issue Context

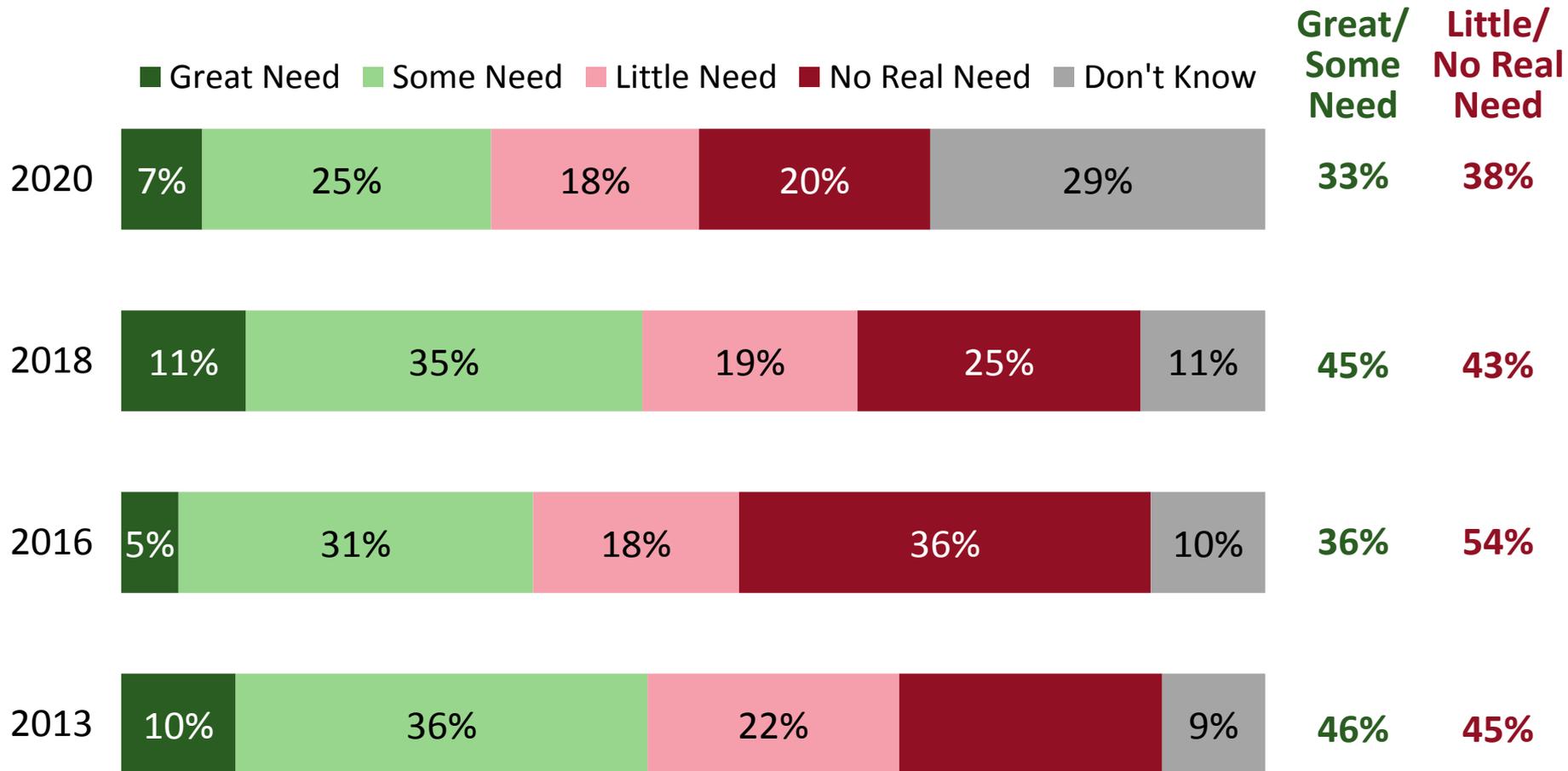
There is little acute sense among voters that the City needs additional funds.

How would you rate the City of Palo Alto's need for additional funding? Is there a great need for additional funding, some need, a little need or no real need for additional funding?



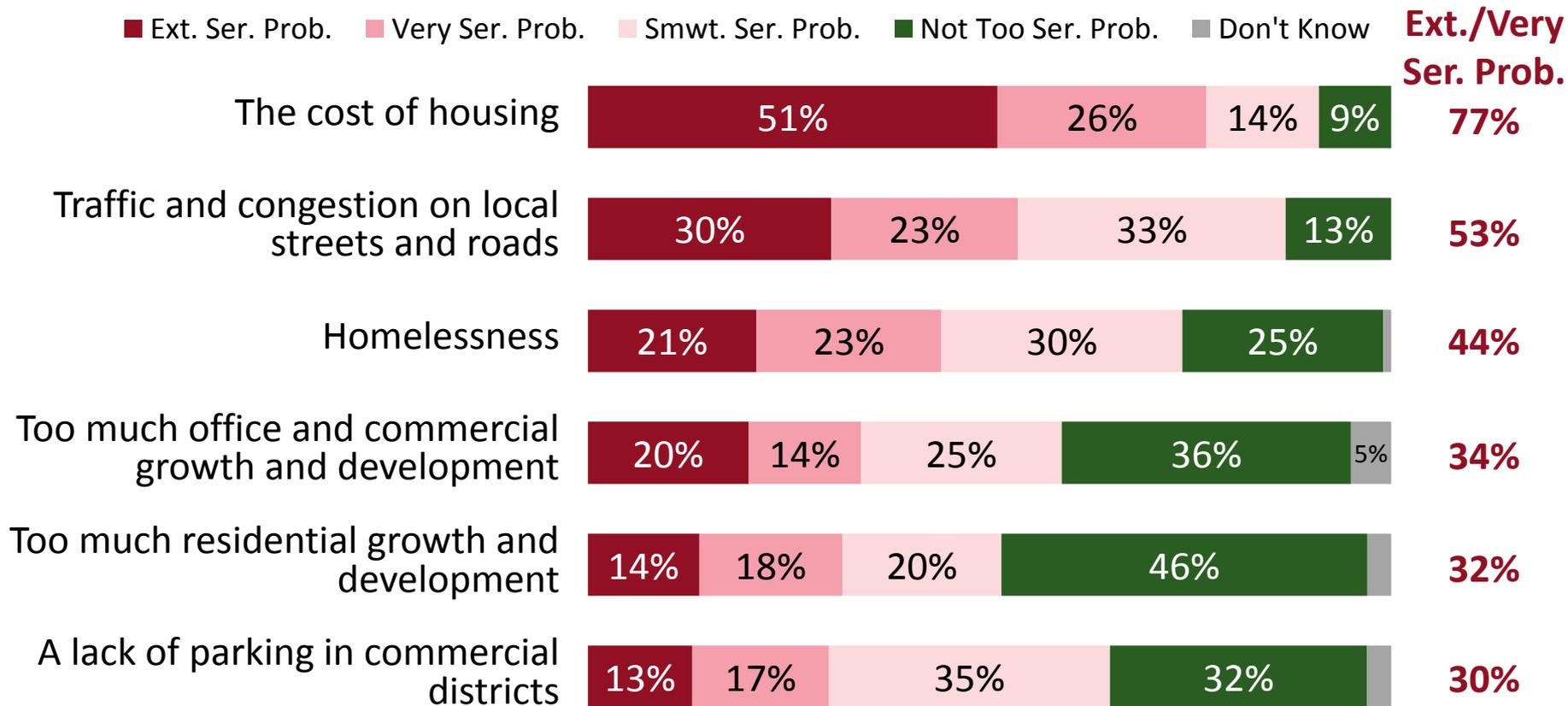
The proportion unsure about the City's need for funds is higher this year.

How would you rate the City of Palo Alto's need for additional funding?



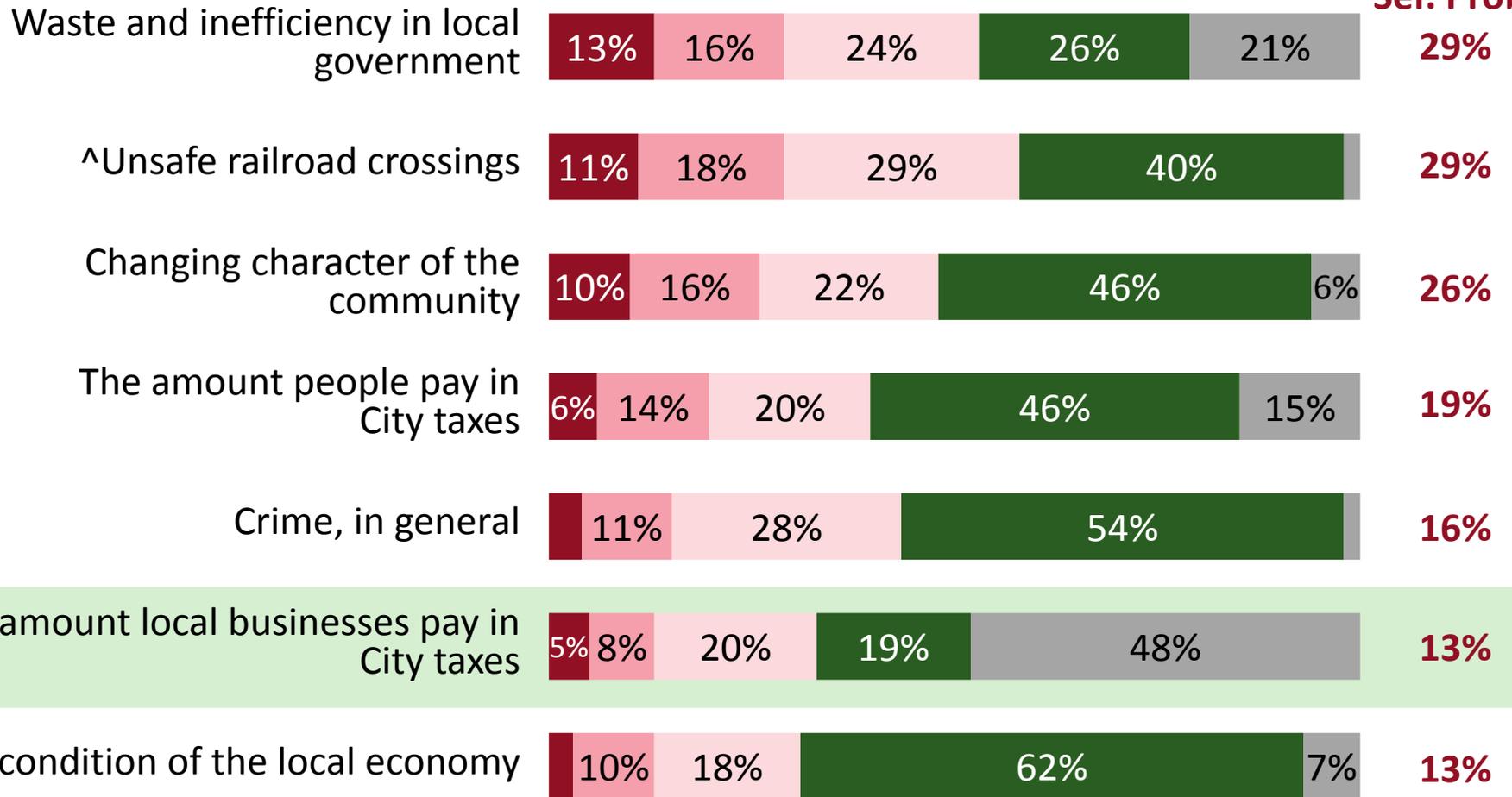
Fully half believe the cost of housing is an “extremely serious problem” in Palo Alto.

I'd like to read you some problems facing Palo Alto that other people have mentioned. Please tell me whether you think it is an extremely serious problem, a very serious problem, somewhat serious problem, or a not too serious problem in Palo Alto.



Few have a clear opinion about the current level of business taxation in the city.

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not Too Ser. Prob. ■ Don't Know **Ext./Very Ser. Prob.**



Homelessness is more broadly seen as an issue than in 2016, though it is still a mid-range concern compared with housing costs.

(Extremely/Very Serious Problem)

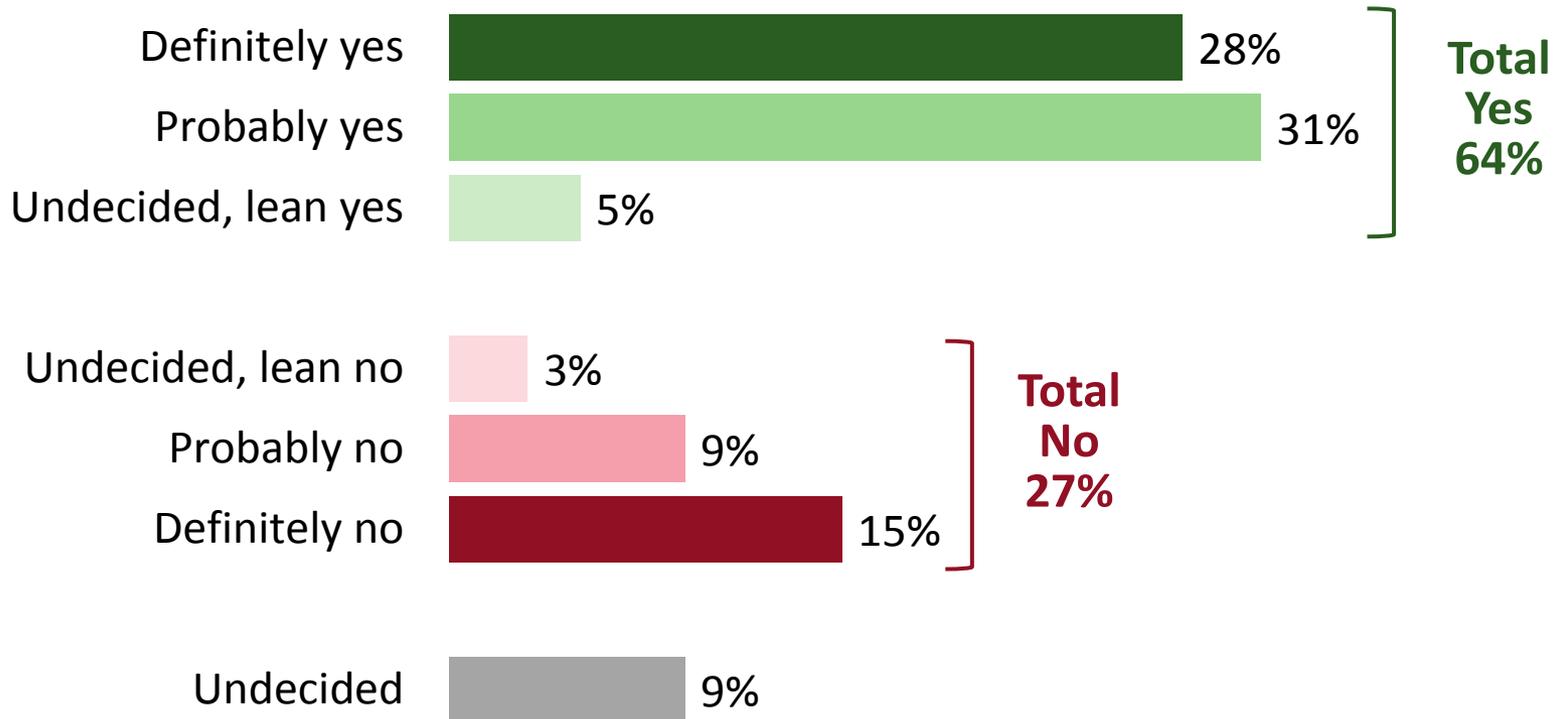
Problem	2016	2020	Difference
Homelessness	22%	44%	+22%
Waste and inefficiency in local government	17%	29%	+12%
Crime, in general	6%	16%	+10%
The condition of the local economy	6%	13%	+7%
Changing character of the community	24%	26%	+2%
The cost of housing	76%	77%	+1%
The amount people pay in City taxes	18%	19%	+1%
Traffic and congestion on local streets and roads	53%	53%	0%
A lack of parking in commercial districts	37%	30%	-7%



Initial Conceptual Support for a Business Tax

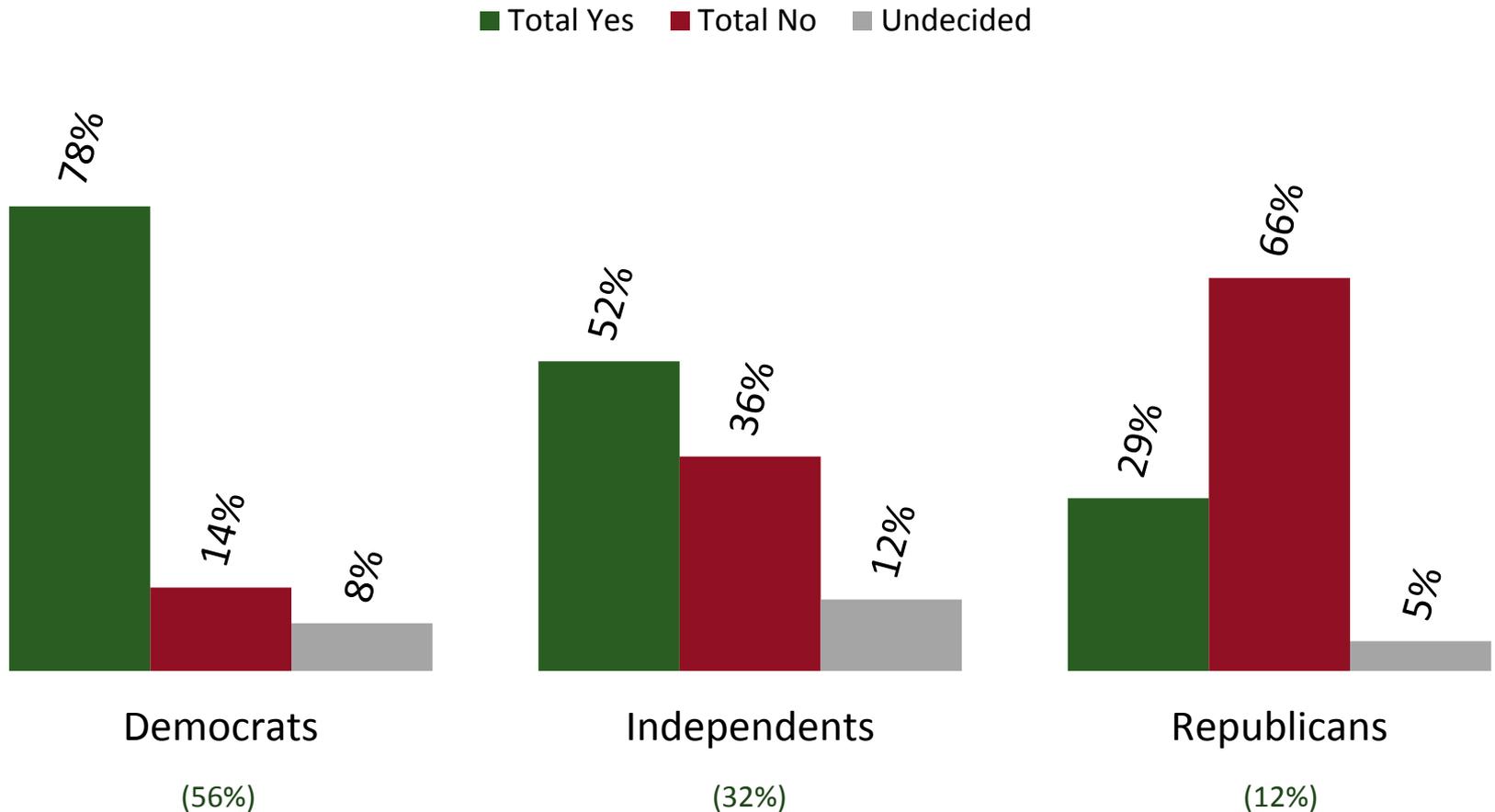
Nearly two-thirds support a conceptual description of a business tax for city services.

The City of Palo Alto is considering a measure raising taxes on businesses to raise funds for general city services, including to reduce traffic congestion, provide affordable housing, improve public safety services, maintain parks, and improve bicycle and pedestrian options. Do you think you would vote yes or no on such a measure?



Nearly four in five Democrats support the concept; a slim majority of independents does.

Support for a Business Tax Concept by Party

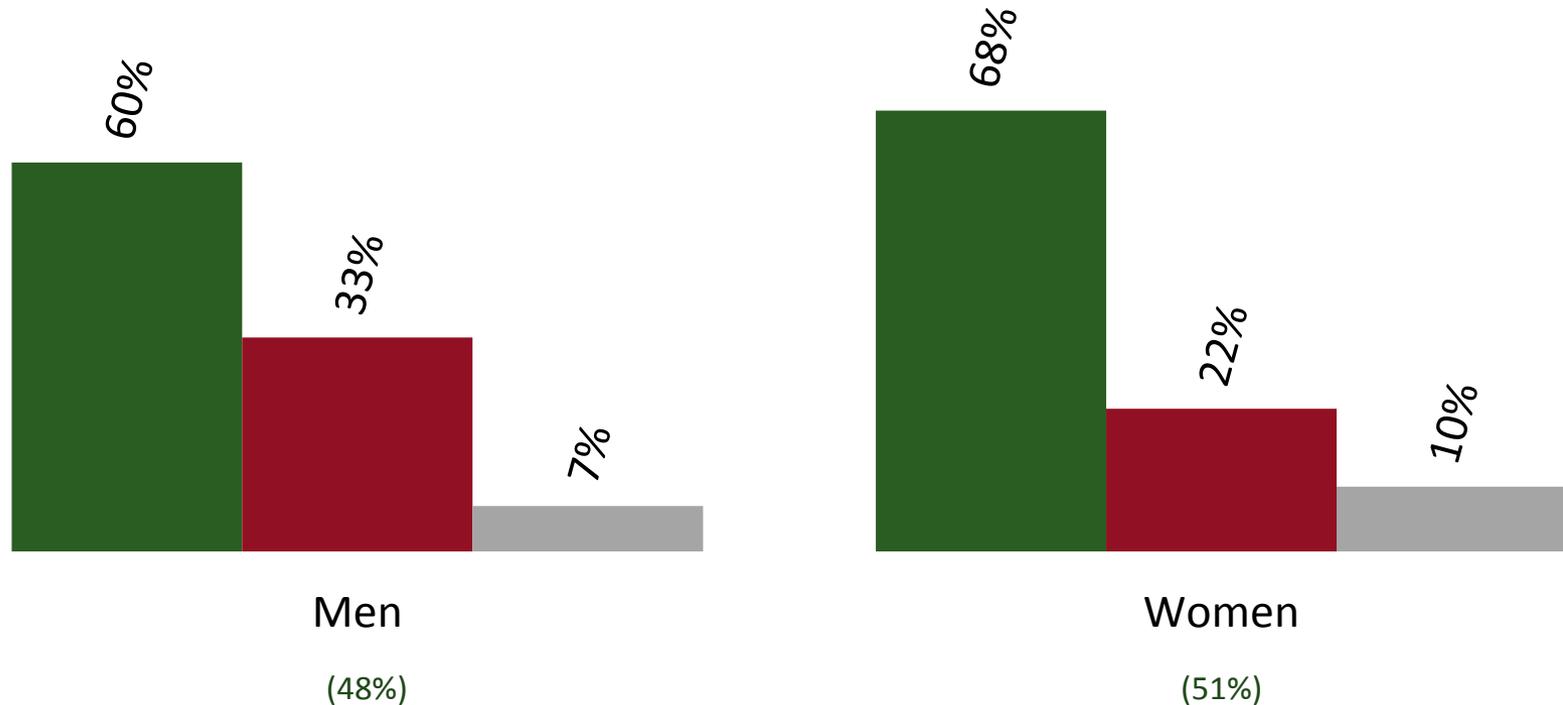


(% of Sample)

Women are more likely to support the concept than men.

Support for a Business Tax Concept by Gender

■ Total Yes ■ Total No ■ Undecided

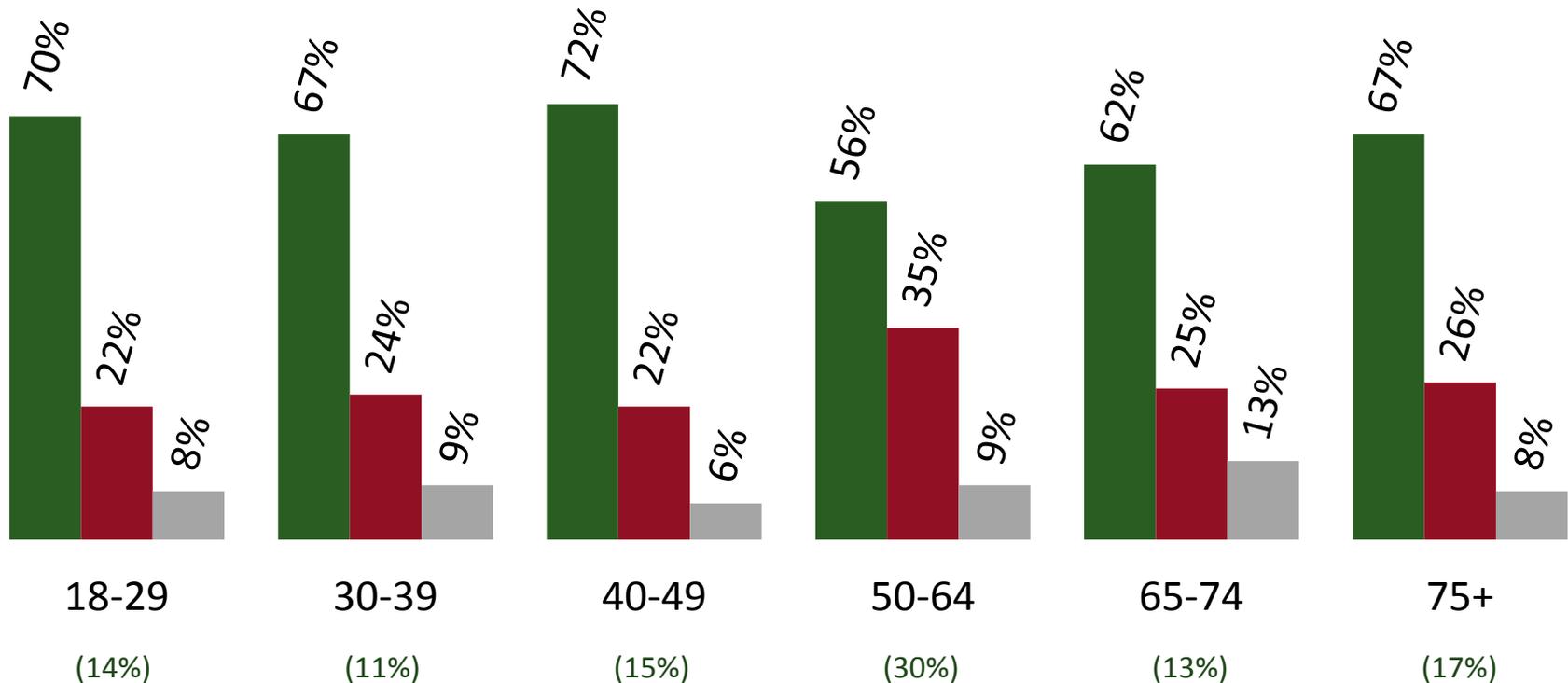


(% of Sample)

Voters across the age spectrum offer support.

Support for a Business Tax Concept by Age

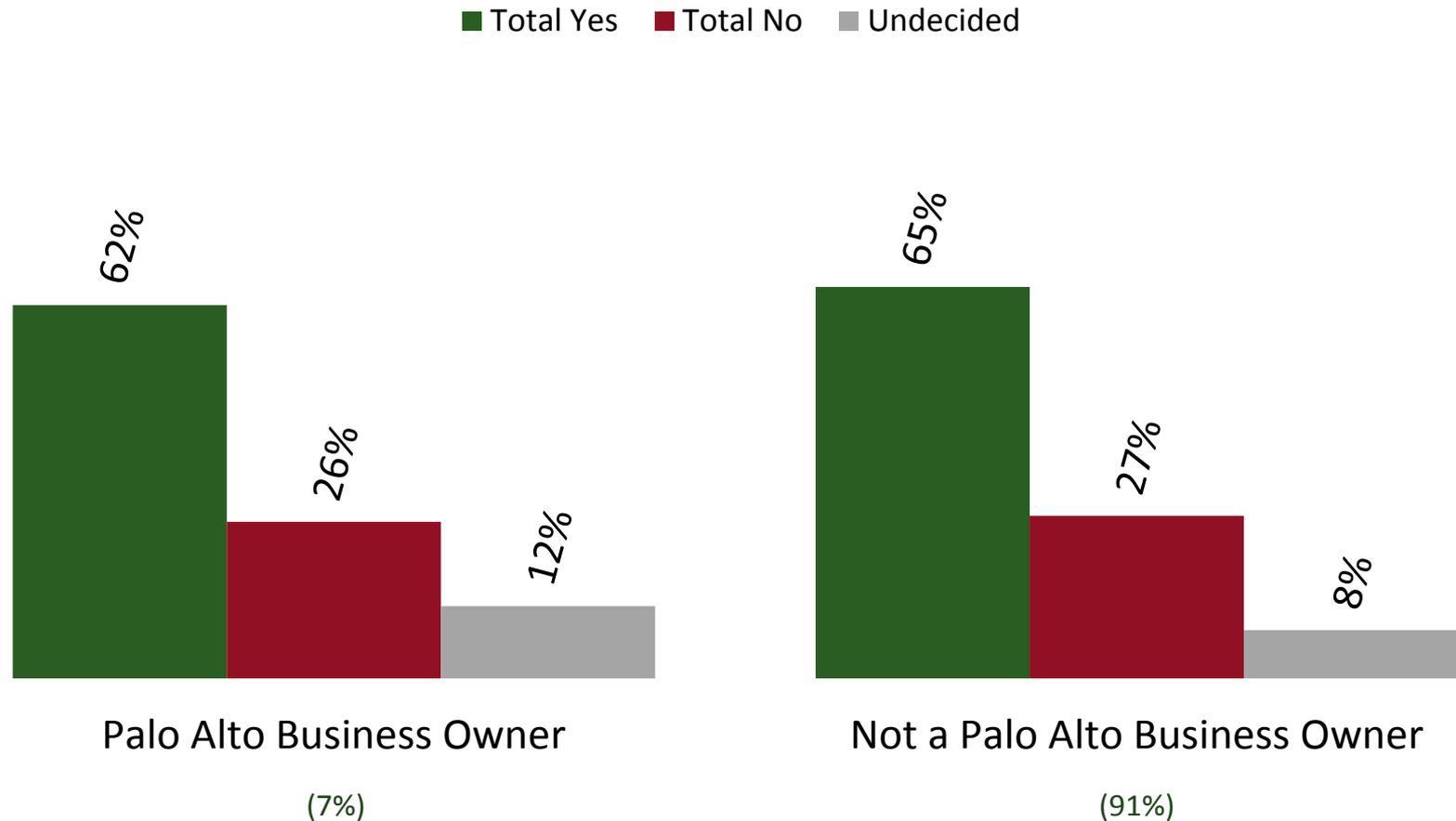
■ Total Yes ■ Total No ■ Undecided



(% of Sample)

Business owners in the voter sample are equally supportive.

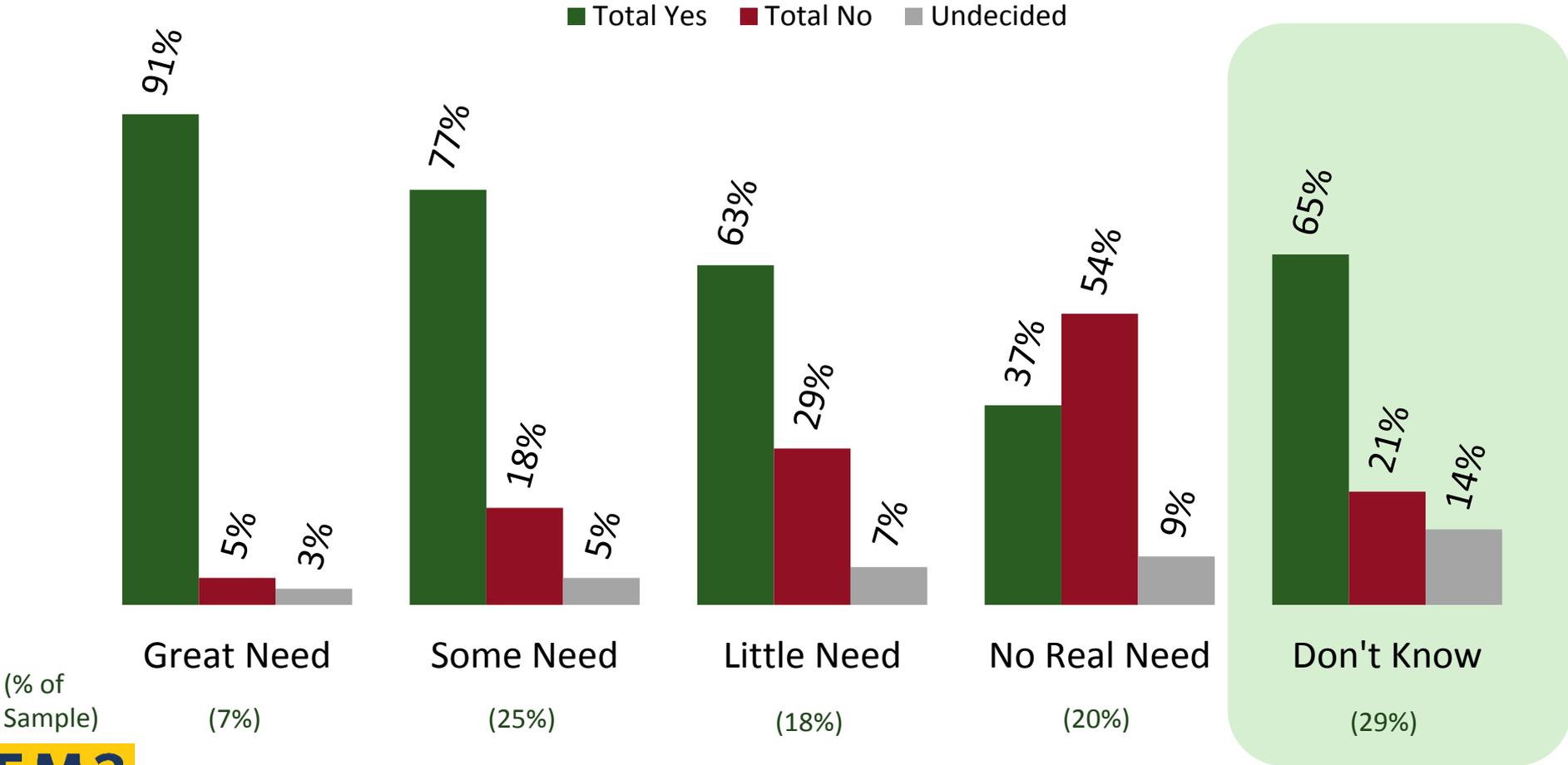
Support for a Business Tax Concept by Palo Alto Business Owner



(% of Sample)

Among those unsure of the City's need for funding, two-thirds support the concept.

Support for a Business Tax Concept by Need for Funding



(% of Sample)

Infrastructure and housing investments motivate supporters, along with the idea that businesses should pay a fair share.

*In a few words of your own, why do you think you would vote YES this measure?
(Open-Ended; Asked of Yes Voters Only; N=330)*



Verbatim Responses from Supporters

Businesses create problems with traffic and housing. I think they should help solve our problems.

This is a wealthy community for the companies. If they want to be at a prestige address, they can afford to pay up.

Businesses should be contributing to the community in the same way that individuals are contributing. Especially big businesses.

Prop 13 has raised the need for more income to cities.

Tech employees are very well-compensated. Reducing the salaries of all, including the top execs, would not be a great burden to them -- but would enable the lesser earners to be able to afford to live better.

Seems reasonable for large corporations. Not so much for smaller businesses already struggling.

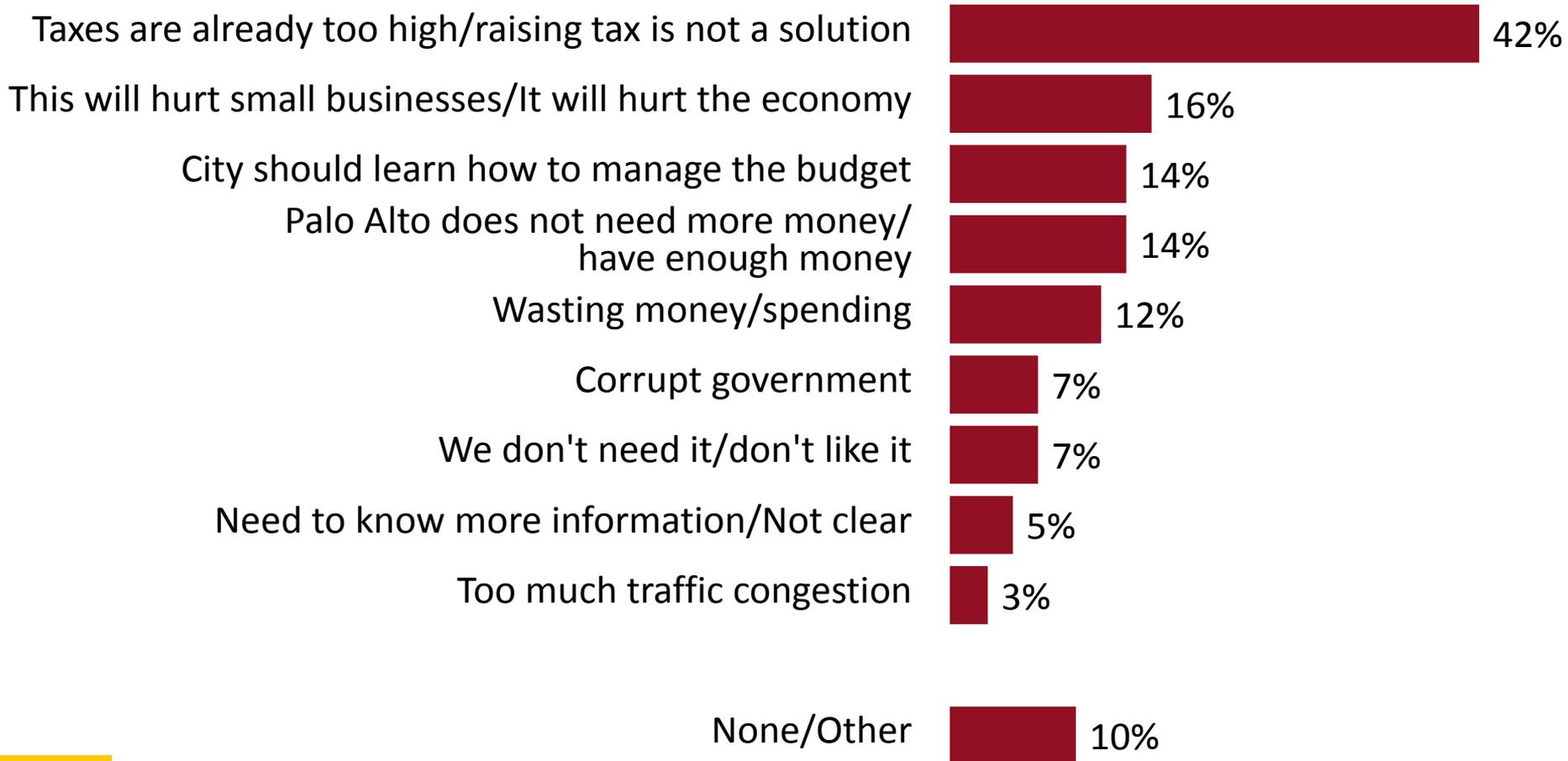
I can't say I would absolutely vote YES because you didn't provide any dollar figures or values.

If it is used for affordable housing, then that will be good.

Need to make Palo Alto a good place to live, especially for the younger generation.

Two in five opponents believe taxes are already too high.

*In a few words of your own, why do you think you would vote **NO** this measure?
(Open-Ended; Asked of No Voters Only; N=140)*



Verbatim Responses from Opponents

The City wastes a tremendous amount of money and employs too many people with incredible benefits.

Palo Alto has long been a cradle for innovative businesses and other developments that have benefited all of society. In part that is because of its hands-off environment that allows new ideas to thrive. The residents soundly defeated a recent business licensing measure and I believe they would and should reject a specific business tax.

City should learn how to manage within its means.

My experience with the superior infrastructure in the low-tax states of Florida and Arizona leads me to conclude that additional taxes will not solve the problems it targets.

I think the City needs to use its funds more efficiently rather than looking to raise more taxes.

There are a lot of senior citizens in Palo Alto who are on fixed incomes. Taxes cut into available cash.

The taxes are high enough as they are. There is no need to raise some more.

Why penalize businesses?

Voters heard a brief exchange of pro and con statements on the concept.

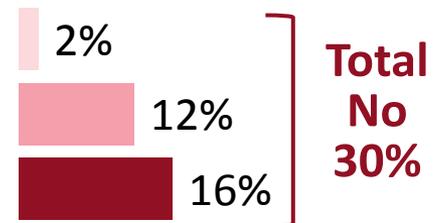
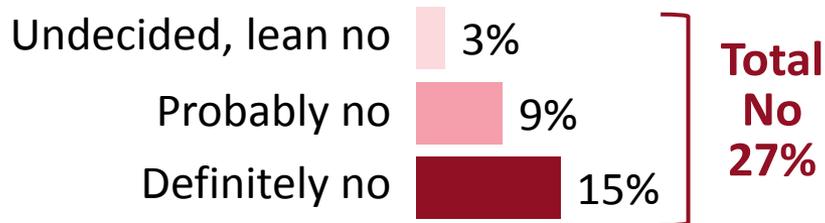
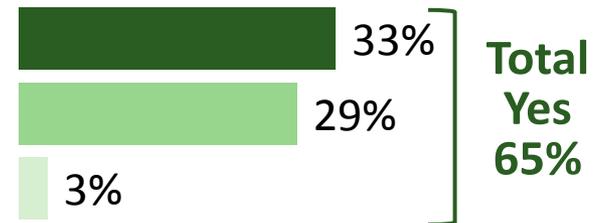
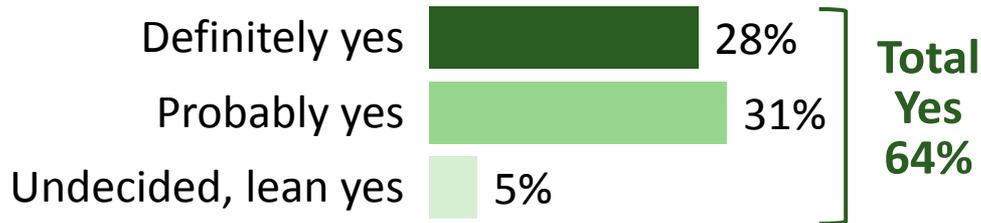
Supporters say many challenges facing Palo Alto – like increased traffic and rising housing costs – are in part due to the presence of a growing number of successful businesses in our city. It is only fair that we ask those businesses to pay a little more to protect our city’s quality of life.

Opponents say that increasing taxes on local businesses could have negative consequences for our city. It could lead businesses to relocate outside Palo Alto, costing us jobs and making local residents commute further to work, and business tax costs could be passed on to consumers.

This exchange yields a modest increase in the intensity of the "yes" vote.

Initial Vote

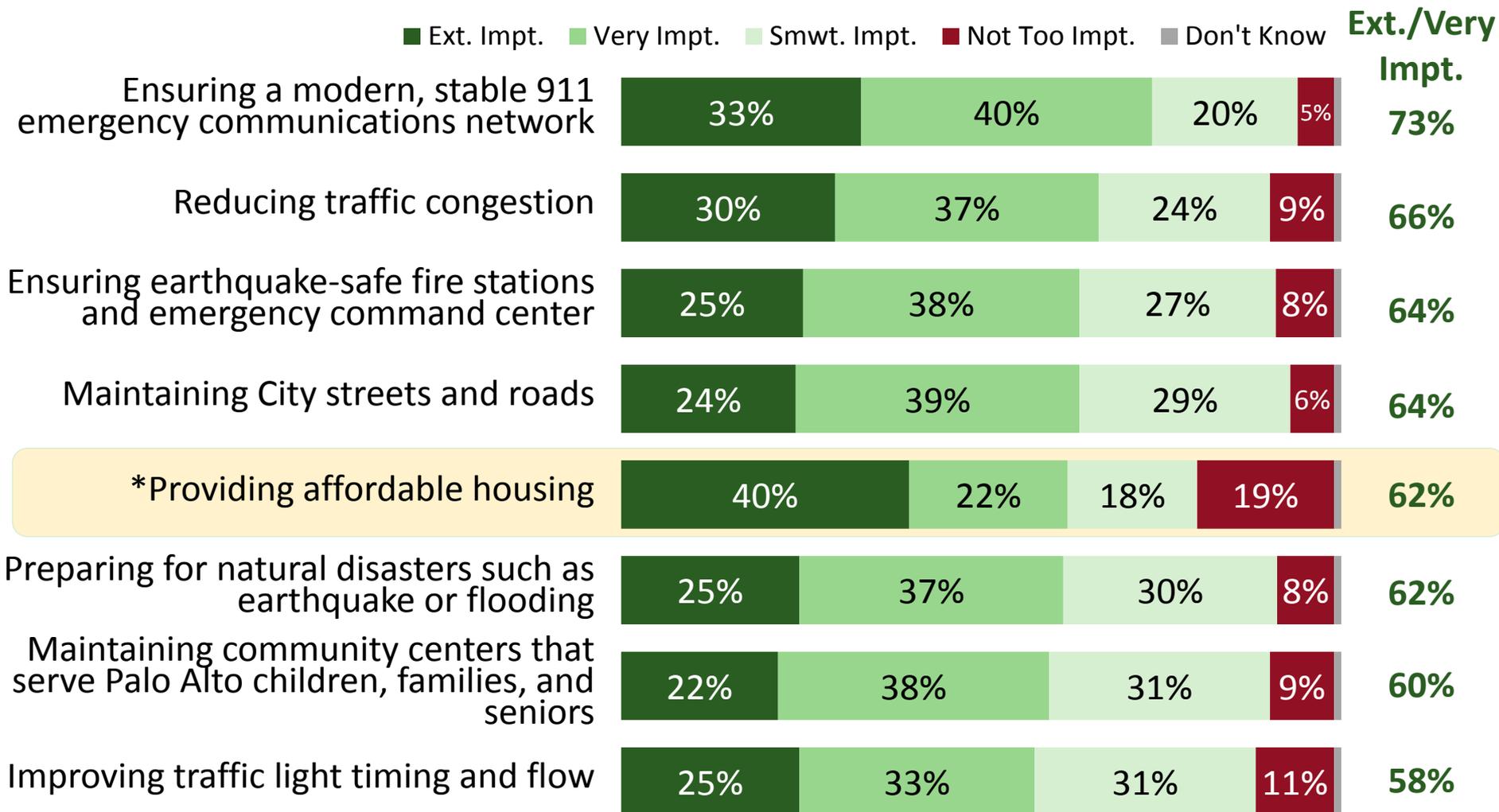
After Pro/Con





Voter Priorities

Voters' highest priority is the emergency communications network; affordable housing inspires intensity on both ends of the spectrum.

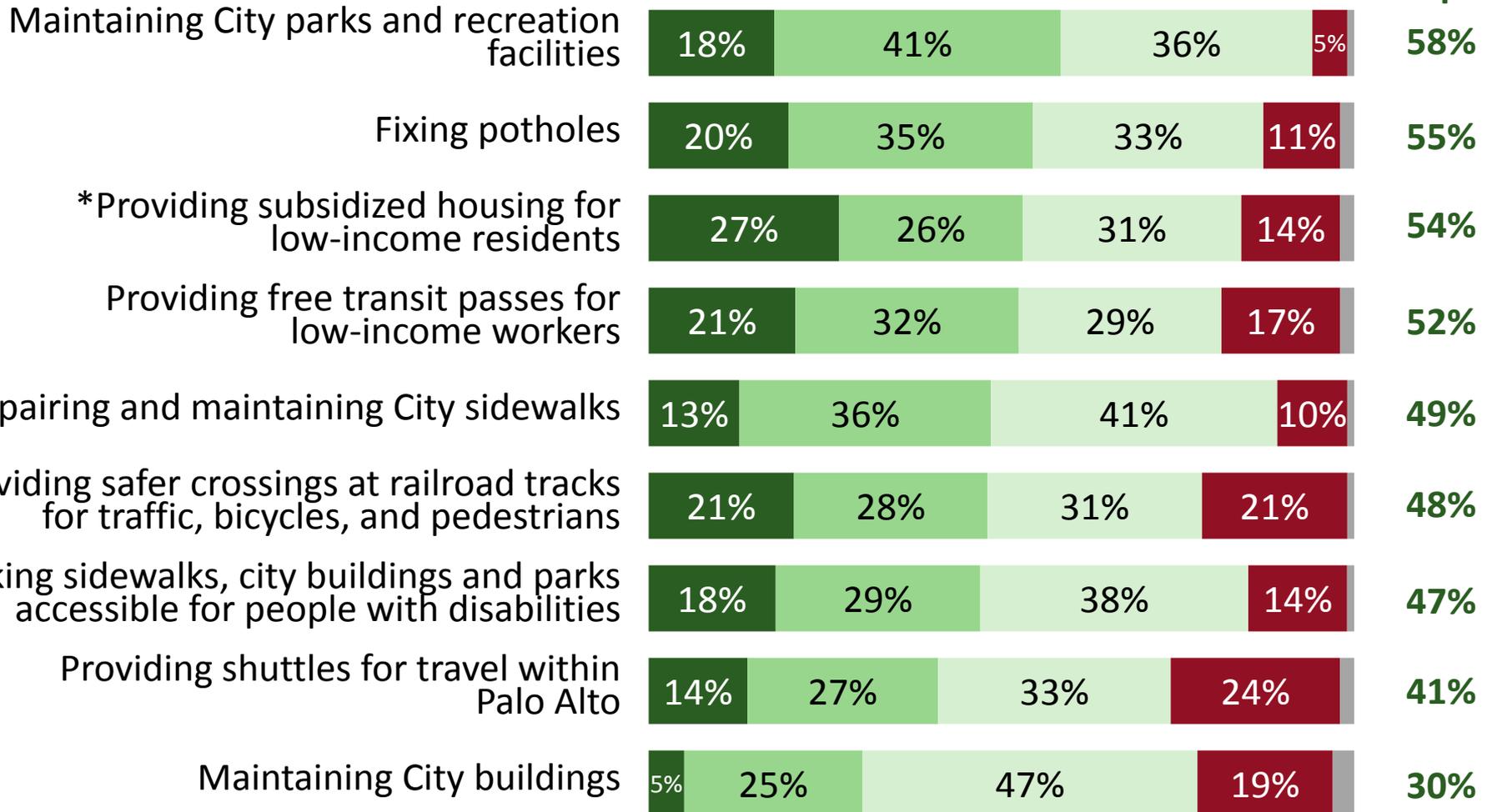


Q6. I am going to read you a list of ways in which funds generated by a tax on businesses could be spent. Please tell me how important each item is to you personally: extremely important, very important, somewhat important, or not too important. *Split Sample

Maintaining City buildings is a much lower priority.

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know

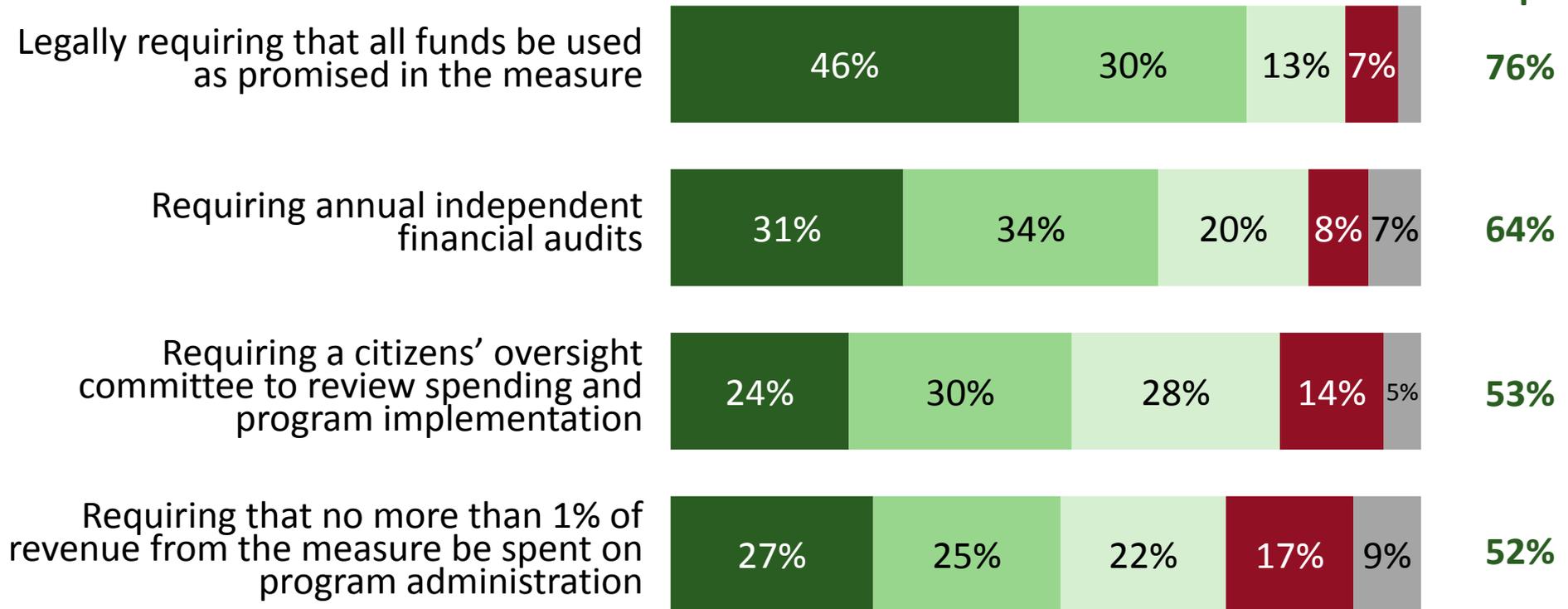
Ext./Very Impt.



Independent audits and spending funds as promised are key accountability items.

I'm going to read you a list of accountability provisions that may be included in a business tax measure. Please tell me how important it is to you personally that each provision be included: extremely important, very important, somewhat important, or not too important.

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt. ■ Don't Know **Ext./Very Impt.**

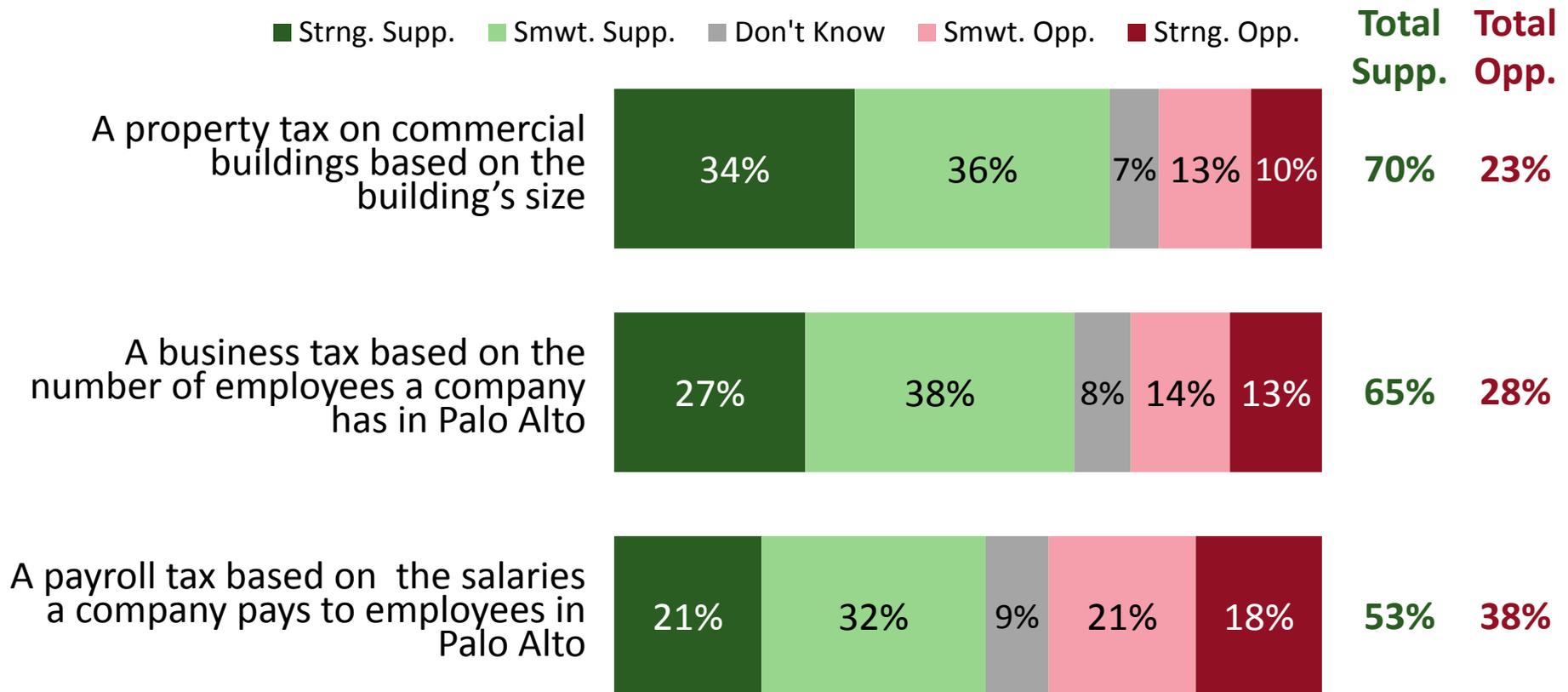




Measure Structure

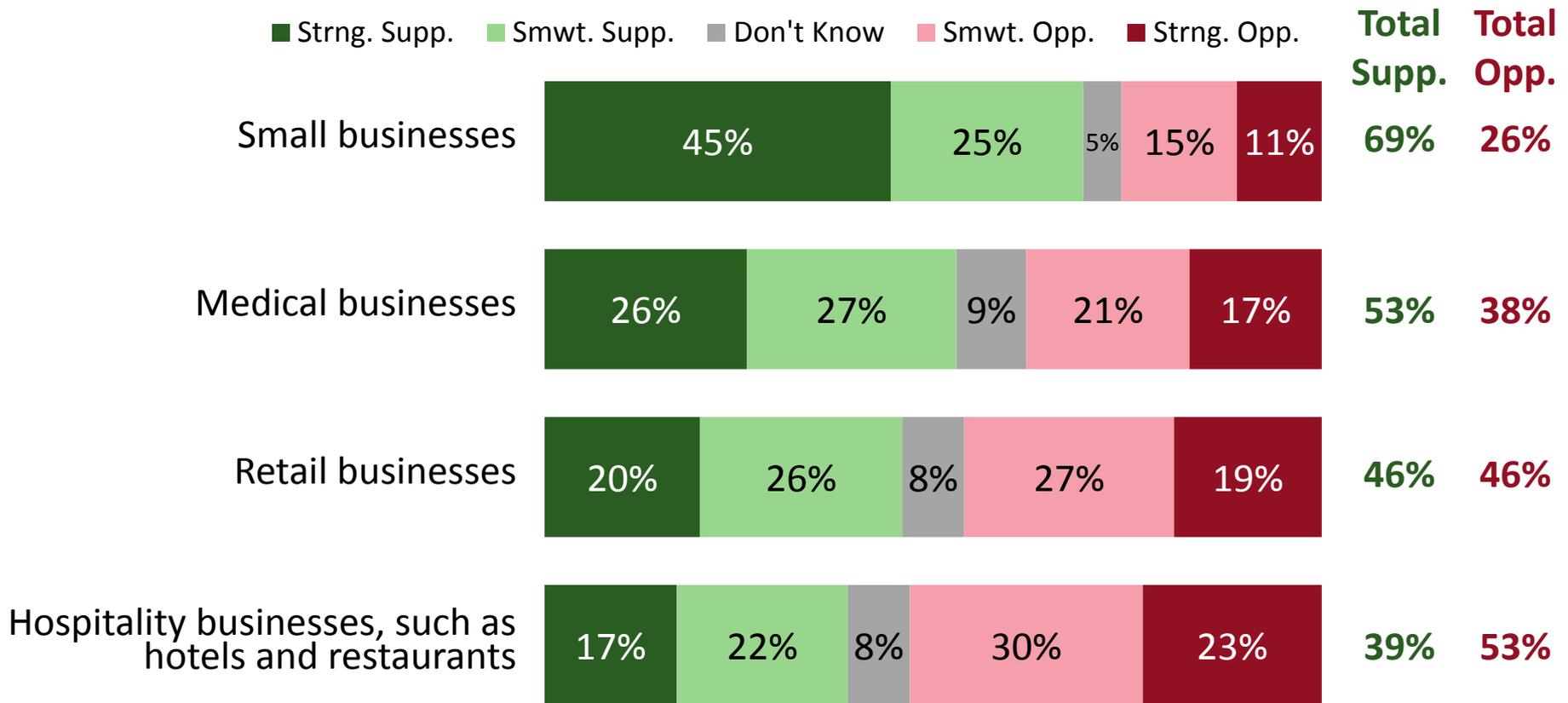
The broadest majority initially supports a property tax based on commercial building size.

Here is a list of several ways a tax on business might be structured to raise funds for some of these services. Please tell me whether you would generally support or oppose a tax on business structured in that way. Would you support or oppose _____ ?



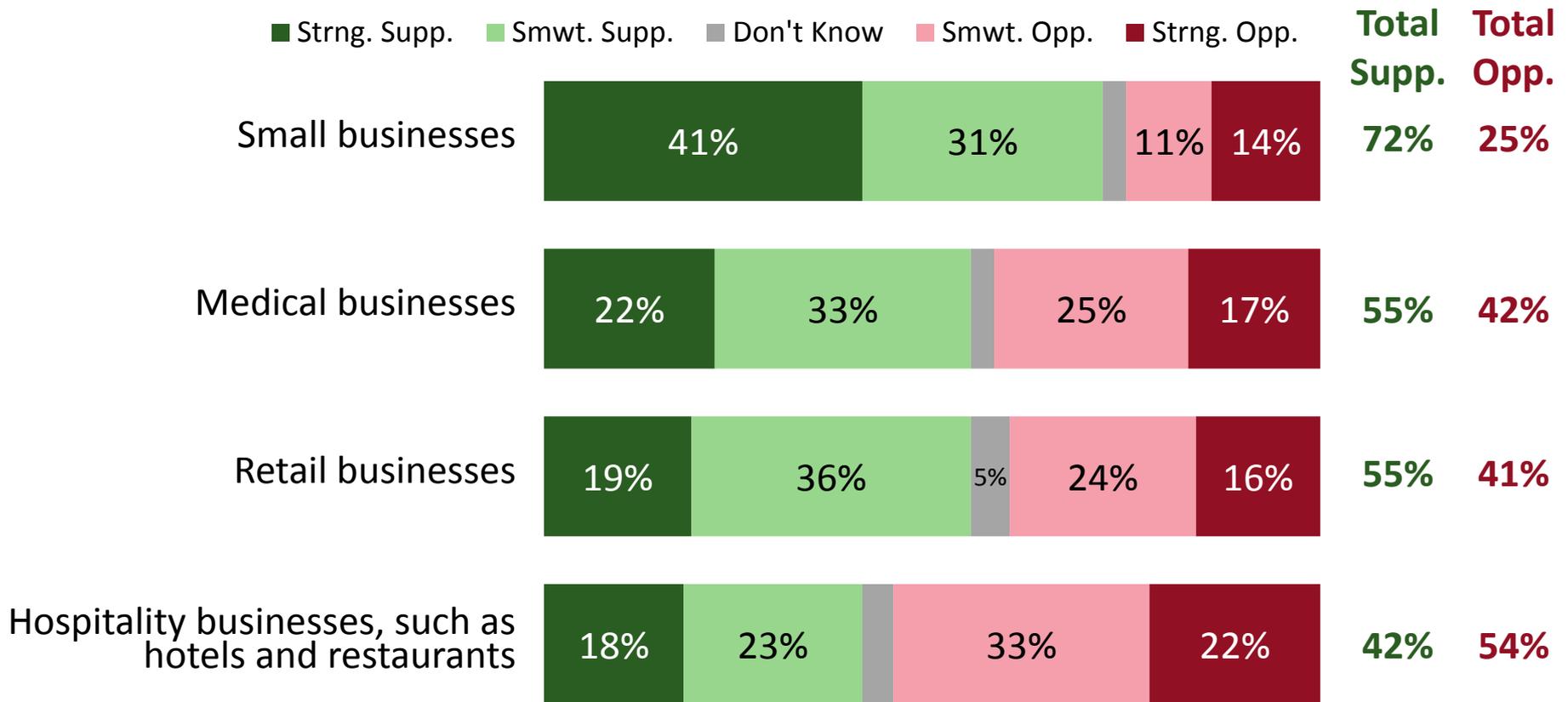
Seven in ten support a small-business exemption; a majority opposes exempting hospitality businesses from a tax.

Support for *Exemptions*



The same pattern holds true for the idea of lowering rates for targeted businesses.

Support for *Lower Rates*



Voters are divided on whether they would prefer a special- or general-purpose measure.

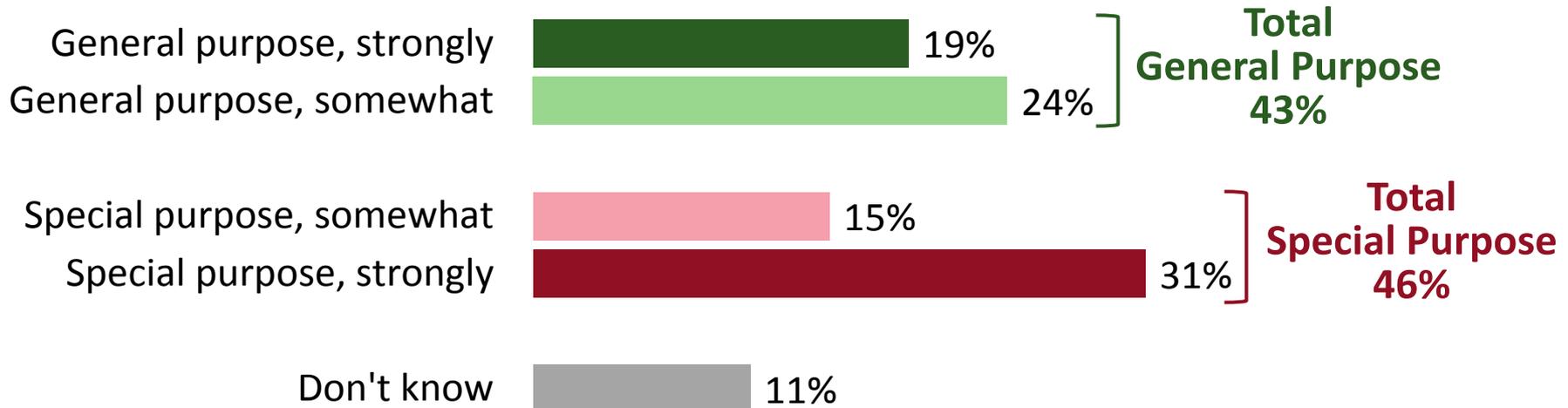
There are two ways this measure could be structured.

It could be written as a special-purpose measure dedicated to one specific category of City spending, with clearly defined spending priorities that cannot be changed at a later date.

OR

It could be written as a general-purpose measure, with revenue going into the general fund to be spent as needed on a variety of City needs, which could include transportation, parks, police, fire, emergency medical services, and disaster preparedness.

Would you prefer a special-purpose measure or a general-purpose measure?



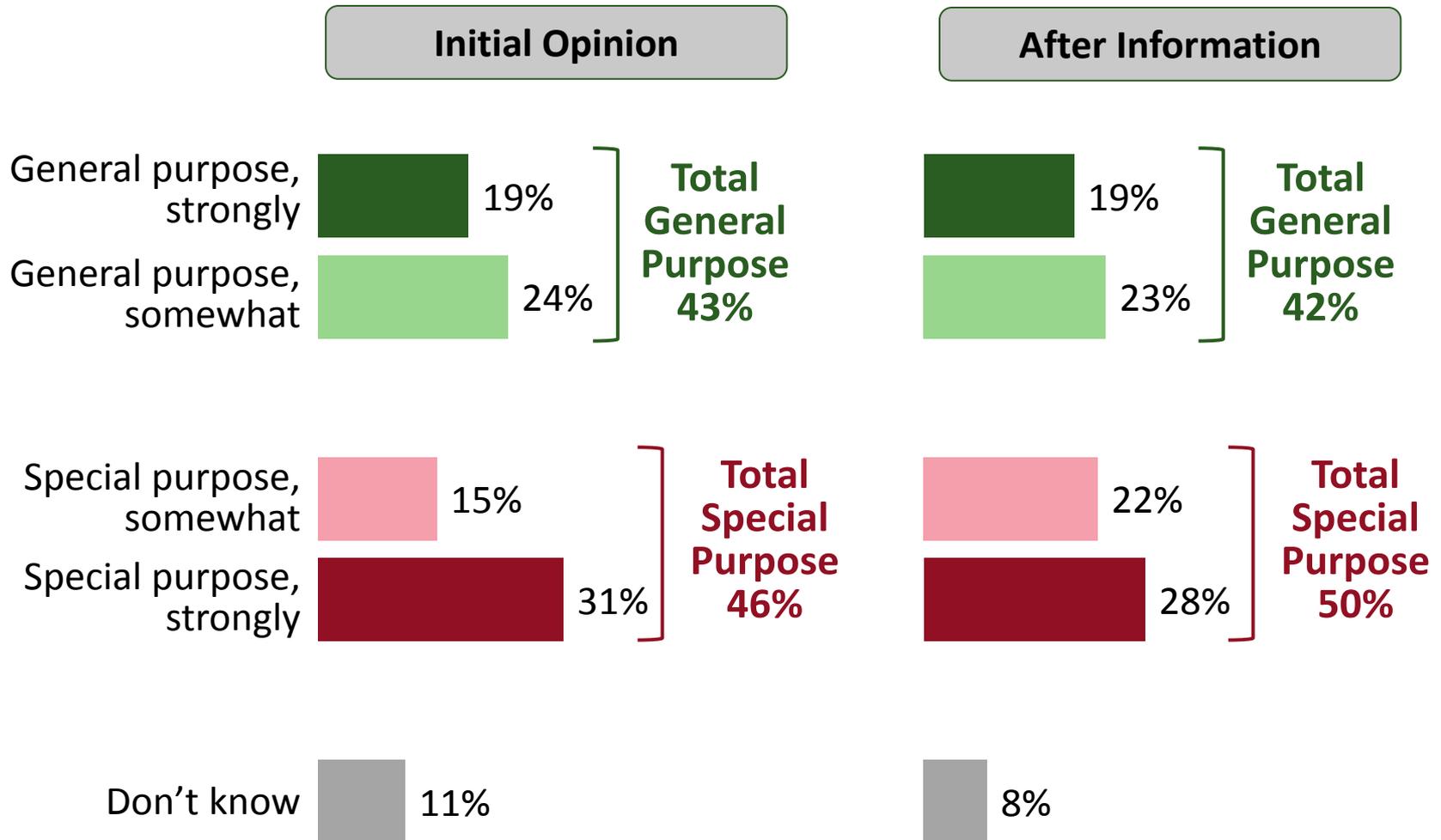
Voters heard a brief pro and con exchange on these approaches.

Supporters of a general-purpose measure say we should preserve the option of flexibility as technology, growth, and other pressures continue to impact our city. A general-purpose measure allows us to prioritize our most-important needs, which will not be the same in ten years as they are today.

OR

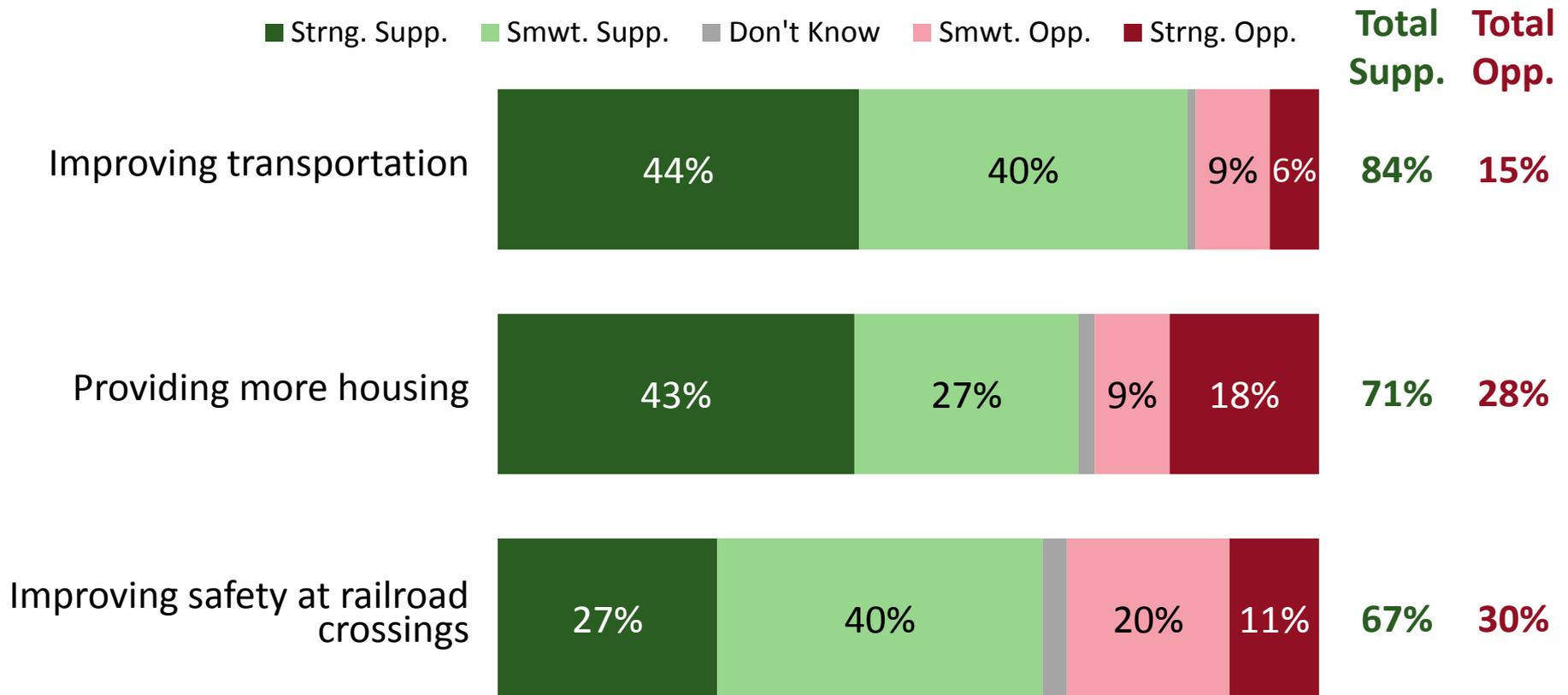
Supporters of a special-purpose measure say that we can't trust the City to spend money wisely without clear direction from the voters. We should support a special-purpose measure, clearly dedicated to one specific kind of spending, that cannot be re-directed by City Council.

This information shifts a special-purpose measure to an eight-point advantage.



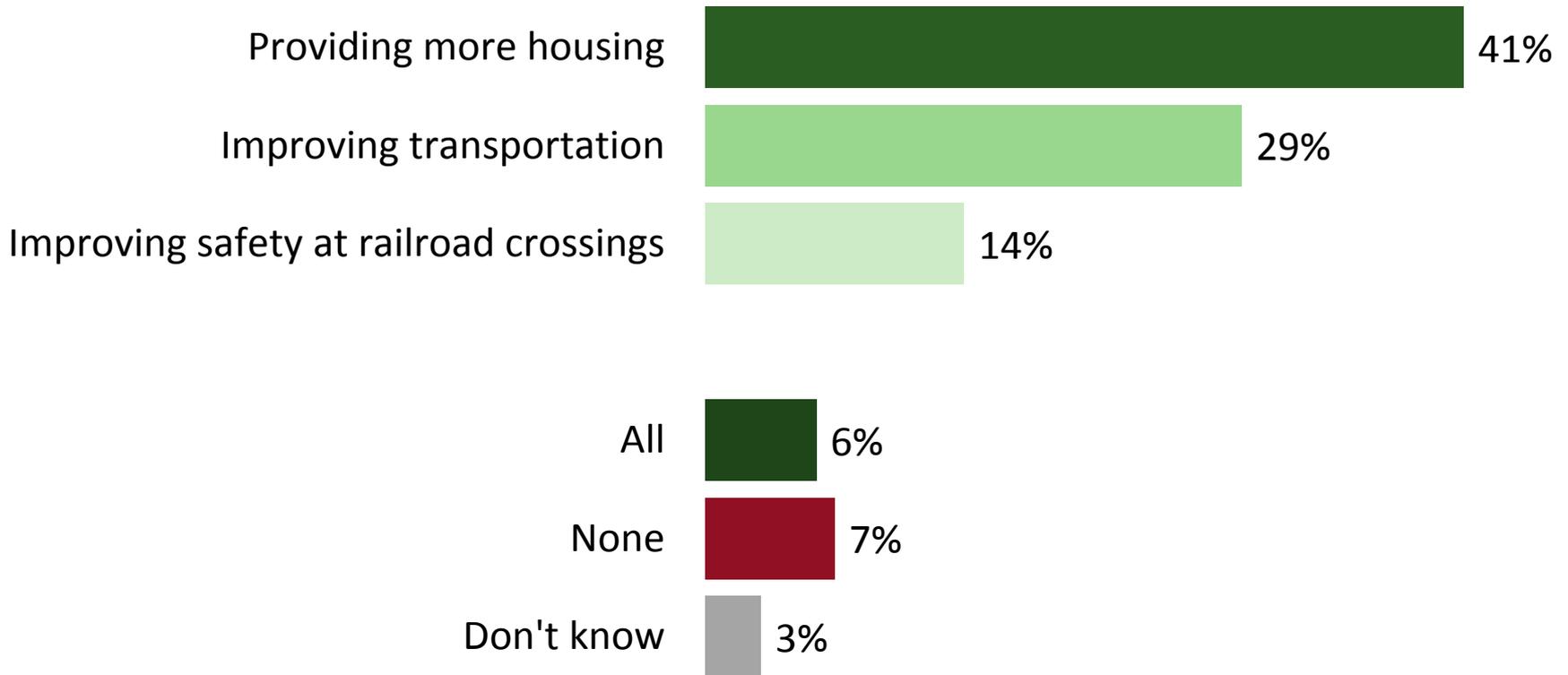
Housing and transportation are the top priorities for special tax investment.

If the City pursues a special-purpose measure, there are several different ways the money could be dedicated. Please tell me whether you would generally support or oppose a business tax measure that dedicated funding specifically to the following purposes.

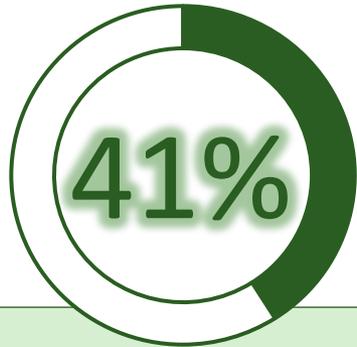


When forced to choose between these priorities, two in five pick housing.

Which one of these would you most like to see dedicated funding from a tax on businesses dedicated to: providing more housing, improving transportation, or improving safety at railroad crossings?

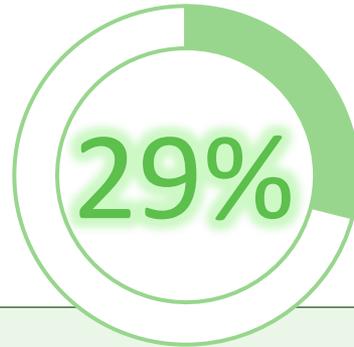


Young voters are disproportionately likely to rank housing their top priority for a measure.



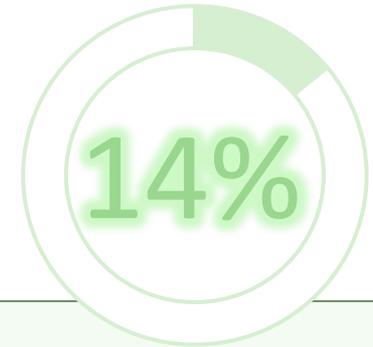
Housing

- Democrats under 50
- Voters under 40
- Men under 50
- Voters without a college degree
- Palo Alto business owners



Transportation

- Ages 65-74
- Post-graduate educated voters
- Independents ages 50+



Railroad Crossing

- Independent women and ages 50+
- Men ages 50+
- Asian/Pacific Islander voters
- Republicans

Palo Alto voters prefer tiered rates over a flat tax by an overwhelming margin.

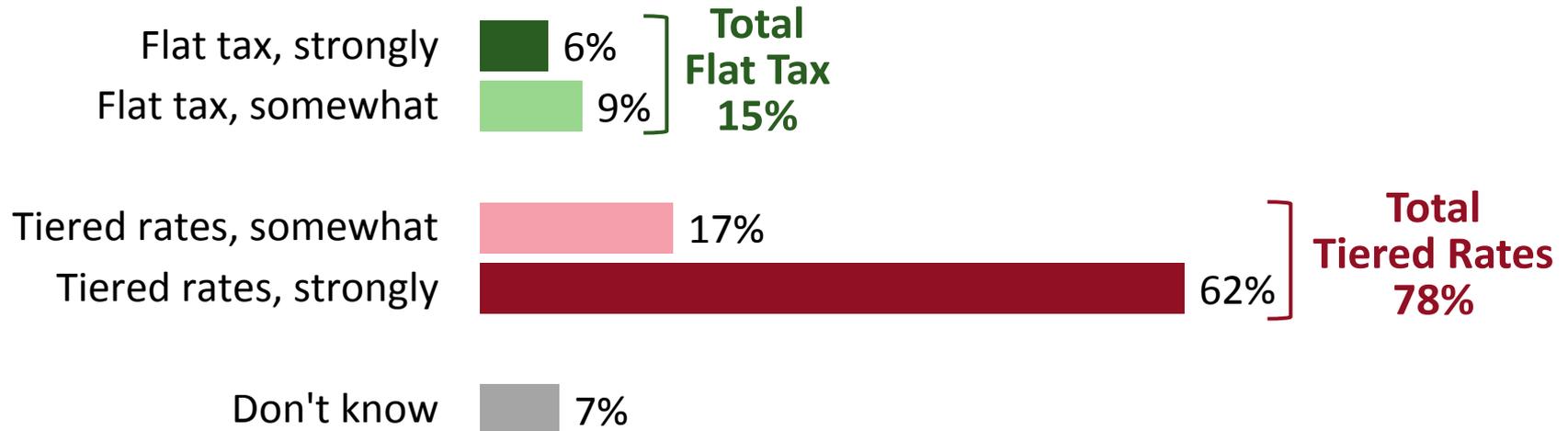
Broadly speaking, there are two approaches for setting tax rates.

The measure could apply a flat tax of the same amount to all businesses regardless of size or revenue.

OR

The measure could have tiered rates, so that larger businesses, or those with higher revenues, pay a higher rate than smaller businesses.

Which of these approaches do you prefer?



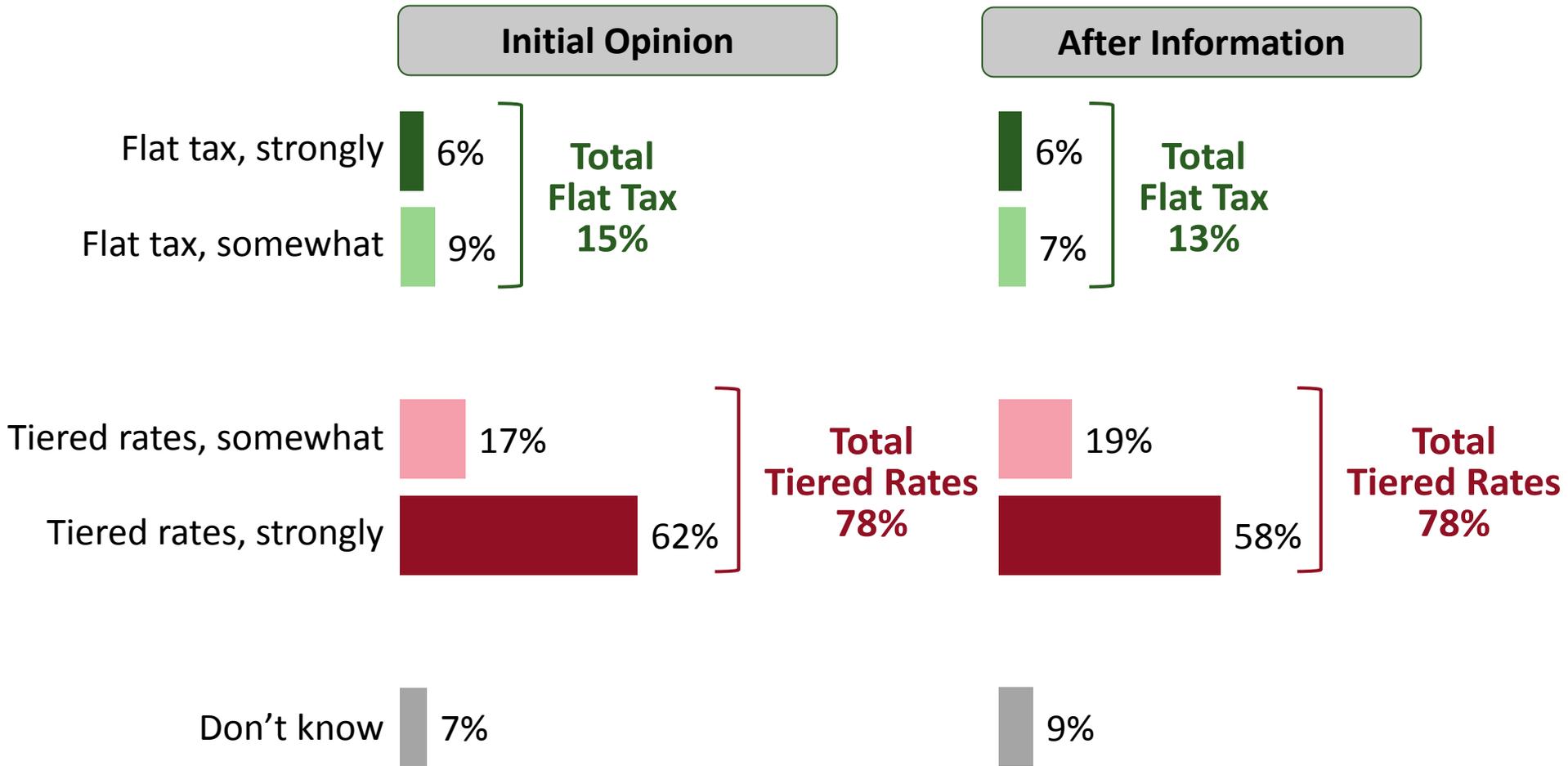
Voters heard a brief pro and con exchange on these ideas...

Supporters of a flat tax it is the simplest, most straightforward way to establish a tax on businesses.

OR

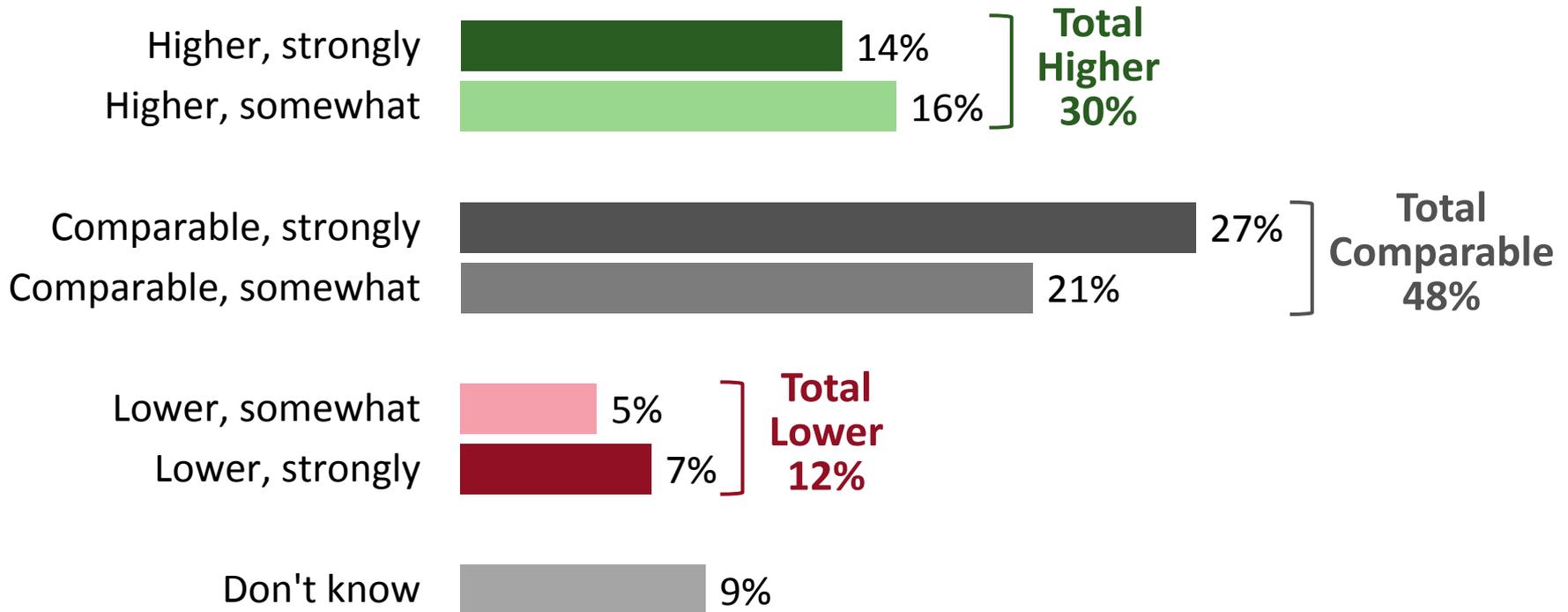
Supporters of a tiered-rate tax say that larger and more profitable businesses should pay a higher tax than smaller and less profitable businesses.

...and it yielded no meaningful change in preferences.



Nearly half prefer setting business tax rates comparable to neighboring cities.

In general, would you prefer that Palo Alto establish business tax rates that are slightly higher, rates that are comparable to neighboring cities, or rates that are slightly lower?



After hearing arguments for each of these three approaches...

Supporters of higher rates say businesses choose to locate in Palo Alto because of unique advantages like access to talent and quality of life, and they should pay rates that reflect that high standard.

OR

Supporters of comparable rates say Palo Alto businesses should pay their fair share by investing at least as much in our city as they do in neighboring cities.

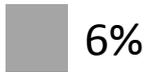
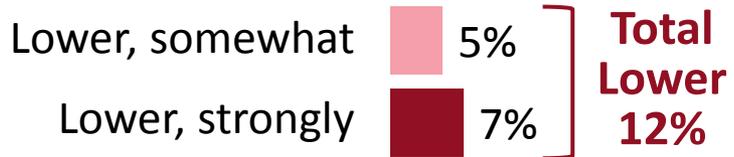
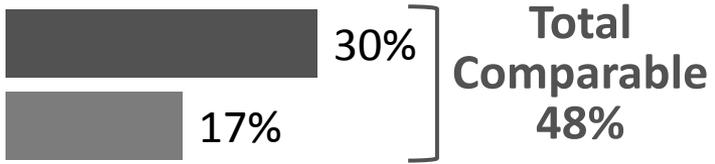
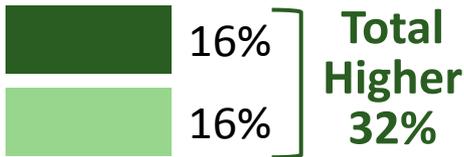
OR

Supporters of lower rates say that raising business taxes as high as neighboring cities will push businesses away from Palo Alto to other cities with lower business tax rates.

... the preference for a comparable rate holds steady.

Initial Opinion

After Information





The Impact of Messaging on Support for Tax Mechanisms

Voters heard pros and cons for each mechanism.

Commercial Building Size

Supporters say this approach ensures that owners of large business properties will pay more, which is only fair, as their greater size means more impact on traffic, public safety, and other City resources.

Opponents say this approach is unfair, and has little to do with ability to pay – a medical warehouse is much larger than a venture capital firm, for example, but the latter has much greater profits.

Number of Employees

Supporters say that businesses with more employees put more strain on public services – limiting parking, increasing traffic, and more. This approach ensures that companies who host many employees in Palo Alto still pay their fair share.

Opponents say that this approach would give companies an incentive to turn employees into contractors to avoid the tax. And it would disproportionately hurt businesses with many part-time employees, like hotels and restaurants, relative to businesses with smaller staffs and higher profits.

Payroll Tax

Supporters say that a tax scaled to payroll ensures that businesses with the highest revenues and most ability to pay invest in Palo Alto – not just those with the most employees.

Opponents say that a payroll tax gives businesses the incentive to locate elsewhere, especially those with highly paid and skilled employees.

Q19. Having heard this, would you support or oppose establishing a property tax on commercial buildings based on the building's size as a way of raising revenue for the City? Q20. Having heard this, would you support or oppose establishing a business tax based on the number of employees a company has in Palo Alto as a way of raising revenue for the City? Q21. Having heard this, would you support or oppose establishing a payroll tax based on the salaries a company pays to employees in Palo Alto as a way of raising money for the City?

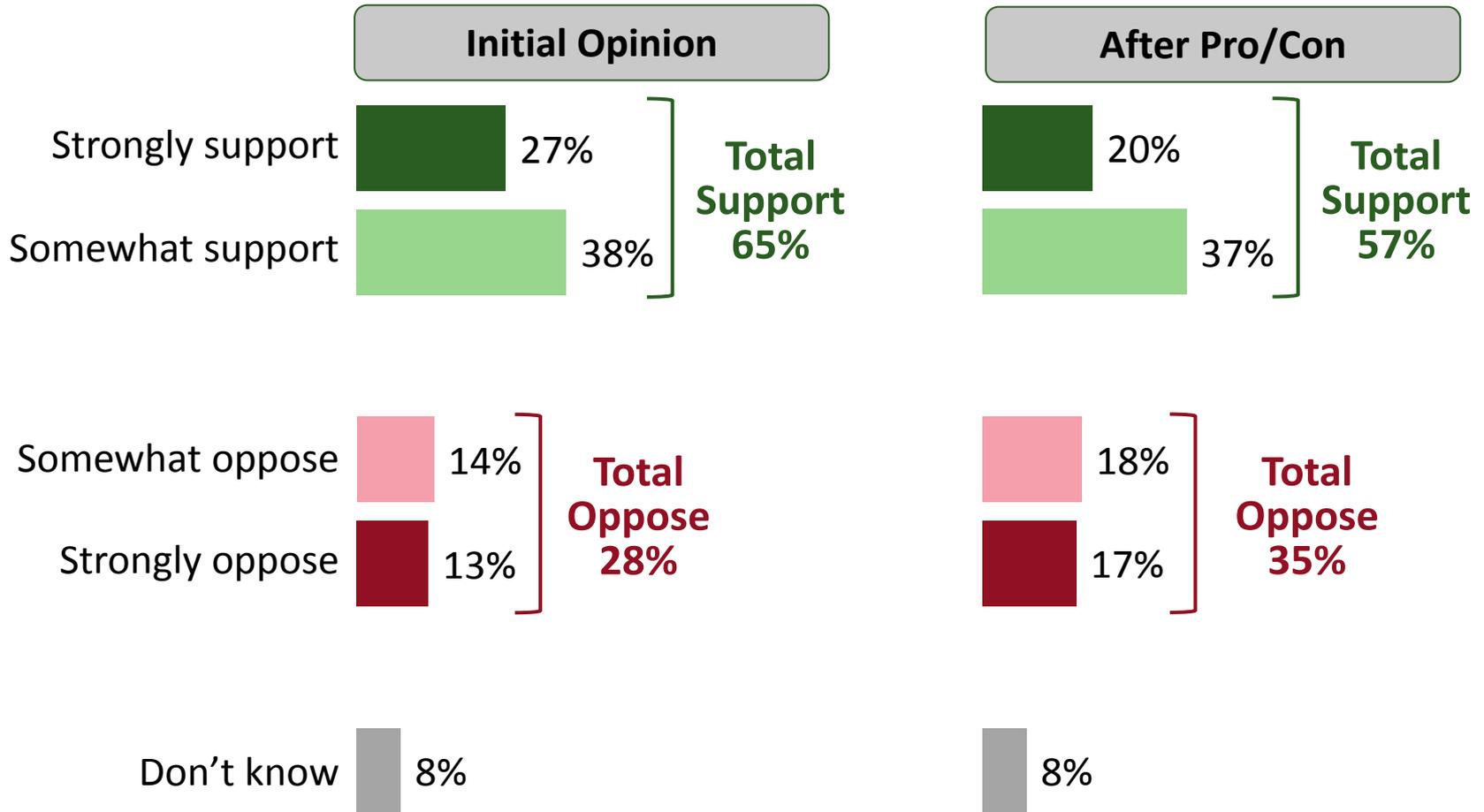
Messaging reduces support for a tax on building size tax significantly.

A property tax on commercial buildings based on the building's size



The tax per employee retains majority support, though with a reduced level of intensity.

A business tax based on the number of employees a company has in Palo Alto

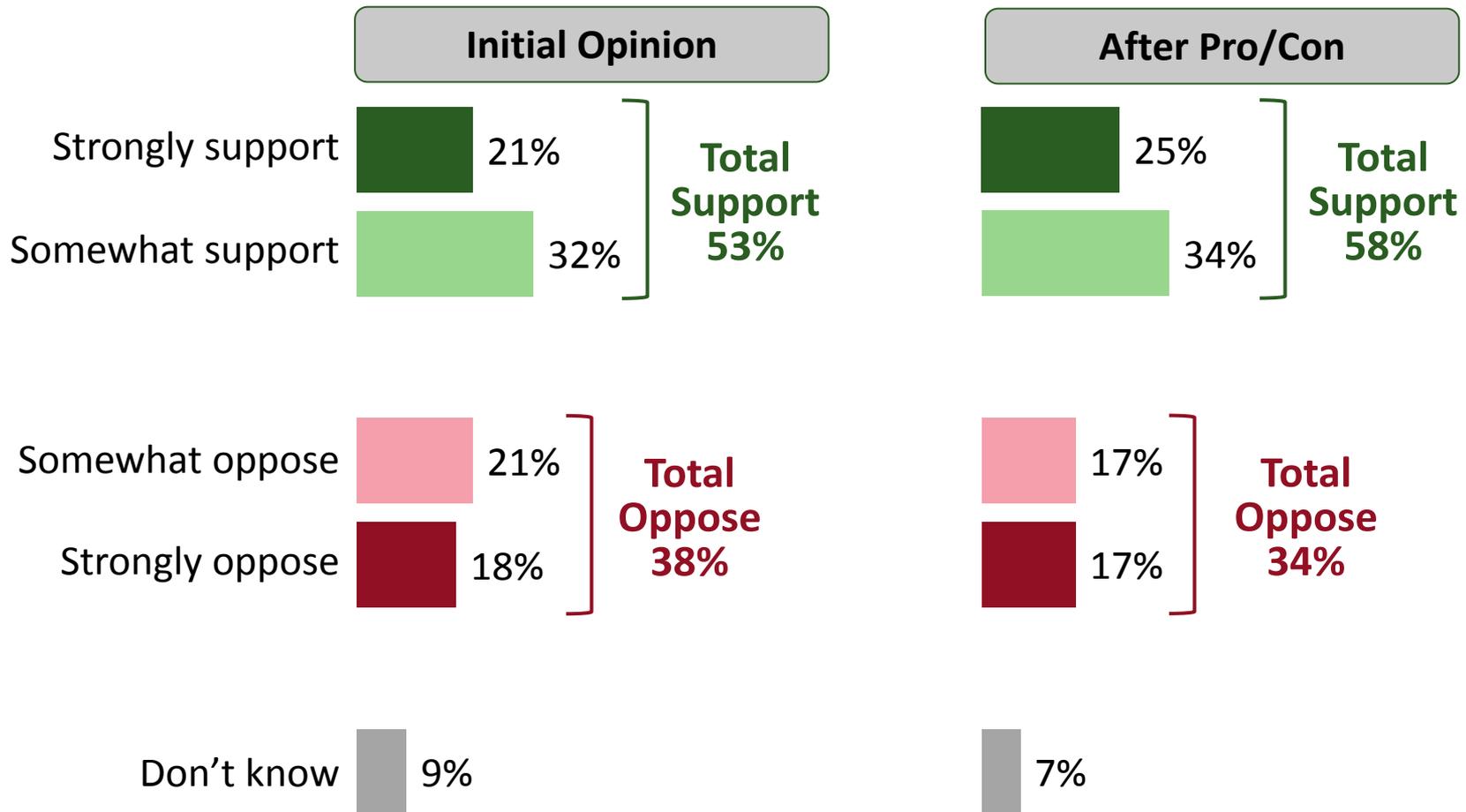


Q7b. Here is a list of several ways a tax on business might be structured to raise funds for some of these services. Please tell me whether you would generally support or oppose a tax on business structured in that way. Would you support or oppose _____?

Q20. Having heard this, would you support or oppose establishing a business tax based on the number of employees a company has in Palo Alto as a way of raising revenue for the City?

A payroll tax gains support after the brief pro and con.

A payroll tax based on the salaries a company pays to employees in Palo Alto



Q7c. Here is a list of several ways a tax on business might be structured to raise funds for some of these services. Please tell me whether you would generally support or oppose a tax on business structured in that way. Would you support or oppose _____?

Q21. Having heard this, would you support or oppose establishing a payroll tax based on the salaries a company pays to employees in Palo Alto as a way of raising money for the City?



Conclusions

Conclusions

- Perception of the City’s financial need has held fairly steady, with 33% seeing at least “some need” for additional funding – however, the proposal seeing “little” or “no need” has fallen, with a larger group uncertain.
- As in 2016, the top concern in the city – by far – is housing costs.
- Support for a business tax, in principle, is broad but soft; support does not change with messaging.
- Top priorities for investment are 911 communications, traffic mitigation, street and road maintenance, earthquake-safe fire stations and an emergency command center, and natural disaster preparedness.
- Among various business tax mechanisms, voters initially support a property tax on commercial buildings, a business tax based on the number of employees, and a payroll tax.
 - After messaging, support for a property tax falls below a majority, with the other two just below three in five.
- In principle, voters are split between preferences for a general-purpose or special-purpose measure. There is an overwhelming preference for tiered rates over a flat tax. Voters are split on how rates should compare to those in neighboring communities, with a plurality backing comparable rates.
- Taken together, the data suggest that a business tax is viable in concept, with the best chance of success if it is focused on numbers of employees or payroll; is tiered with lower rates based on company size or revenue; includes lower rates or exemptions for small businesses; and has rates comparable to those in nearby communities.

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Stakeholder Engagement Update

City of Palo Alto Tax Base

FY 2019 GF Taxes

GF Major Tax Description	Amount (\$000s)	% of GF Taxes	% of GF Revenues
Property Tax	47,327	35.6%	24.2%
Sales Tax	36,508	27.5%	18.7%
Utility Users Tax	16,402	12.4%	8.4%
Transient Occupancy Tax	25,649	19.3%	13.1%
Documentary Transfer Tax	6,923	5.2%	3.5%
Total:	\$ 132,809	100%	67.9%

Source: 2019 CAFR - CMR 10644

Average Business Tax by Employee

City	Actual Business License Revenue	BLT Revenue as % of Total General Fund Revenue	Projected Total Employment in City	Business License Tax Per Employee	Total Number of Businesses	Business License Tax Revenue Per Business
Cupertino	\$876,000	1%	27,515	\$32	3,800	\$ 231
East Palo Alto	\$1,175,000	4%	5,185	\$227	1,527	\$ 769
Mountain View	\$6,000,000	4%	58,860	\$102	3,700	\$ 1,622
Redwood City	\$2,628,000	2%	69,460	\$38	6,275	\$ 419
San Francisco	\$820,000,000	9%	748,230	\$1,096	102,556	\$ 7,996
San Jose	\$72,200,000	6%	457,075	\$158	58,000	\$ 1,245
San Mateo	\$5,940,000	5%	60,305	\$98	7,486	\$ 793
Santa Clara	\$915,000	0.5%	136,980	\$7	13,000	\$ 70
Sunnyvale	\$1,840,000	1%	87,085	\$21	7,875	\$ 234
East Palo Alto (A)	\$2,850,000	10%	5,185	\$550	1,527	\$ 1,866
San Francisco (A)	\$1,120,000,000	12%	748,230	\$1,497	102,556	\$ 10,921
Palo Alto	\$2,320,000	1%	126,305	\$18	4,167	\$ 557
Palo Alto	\$11,600,000	5%	126,305	\$92	4,167	\$ 2,784
Palo Alto	\$23,200,000	10%	126,305	\$184	4,167	\$ 5,568

Palo Alto shown at 1%, 5%, and 10% of General Fund as discussed with FC on 12/17

(A) - East Palo Alto and San Francisco restated to include \$1.675 million of Measure HH (Commercial Office Space Parcel Tax) revenue and \$300 million of Proposition C (Additional Business Taxes to Fund Homeless Services) revenue, respectively.

NOTES: Employment data from projections developed by Association of Bay Area Governments.
Number of businesses and revenue amounts from survey of communities' business license offices except for City of Palo Alto, which was taken from EDD Data on number of firms.

Major Components to Consider

Structure



Tax Method/Unit of Measure

General/Specific & Passage Rate

Legally Required Exemptions

Exemptions by Council Policy

Revenue & Modeling



Taxation Level (% of General Fund)



Rate Structure (flat or tiered)

Avg. Annual Fee

Tax Rate per Unit

Administration

Data Sources

E.A.S.E.

Administration/
Staffing Levels

Media Center Agreements

City Council
January 27, 2020

Background

- Palo Alto City Council governs the Cable Joint Powers Authority. Membership includes:
 - ❖ Menlo Park
 - ❖ Atherton
 - ❖ East Palo Alto
 - ❖ unincorporated areas of Santa Clara & San Mateo counties
- Cable Franchise Holders (e.g. Comcast, AT&T) pay compensation for use of right of way (ROW) for cable distribution infrastructure
- PEG fee revenue \$300k/yr.
- Media Center is the designated PEG provider
- 2016 Cable Audit – change how PEG revenue is used



Change in Direction

City Council Direction (1/28/2019) – Building purchase option

- New JPA agreement required
- Long-term commitment to PEG revenue despite uncertainty



Recommended Approach – Grant Process

- Use PEG fees for JPA projects
- Quicker to get PEG revenue to Media Center
- Can pursue under existing JPA agreement
- Shorter time frame (5 years) to observe outcome of PEG fee revenue

PEG Fee Revenue Grant Process

1. Entity has eligible PEG-related project
2. Project has approved funding by entity governing body
3. PEG revenue is sent to entity equivalent to value of PEG purchases
4. Entity sends unrestricted funds to Media Center equal to project funds
5. Media Center can use funds to support operations as needed



Palo Alto to provide first PEG grant via the Council Chambers remodel project
\$512,000

Stakeholder Engagement

Entity	Approval Process
City of Menlo Park	December 2019 approved by City Council
City of East Palo Alto	Approved draft contract at staff level, formal adoption pending Palo Alto's City Council approval.
Town of Atherton	December 2019 approved by City Manager
County of Santa Clara	Approved draft contract at staff level, formal adoption pending Palo Alto's City Council approval.
County of San Mateo	Approved draft contract at staff level, formal adoption pending Palo Alto's City Council approval.
City of Palo Alto	City Council consideration 1/27/2020 PEG transfer Feb. 2020 (if approved)
Media Center	January 2020 approved by Media Center Board of Directors

Staff Recommendation

1. Approve a five-year agreement between the City of Palo Alto, representing the Cable Joint Powers (cities of Palo Alto, East Palo Alto, and Menlo Park, the Town of Atherton and portions of San Mateo and Santa Clara counties), and Midpeninsula Community Media Center, Inc., for public, education, and government (PEG) access channel support services (Attachment A).
2. Approve and authorize the City Manager to execute a Memorandum of Understanding (MOU) between the Cable Joint Powers covering the use of PEG support fees paid by Comcast, AT&T, and any other State Franchisee (Attachment B).
3. Approve and authorize the City Manager to execute a contribution agreement between the City of Palo Alto and the Midpeninsula Community Media Center, Inc., in the amount of \$511,536, equivalent to the amount in PEG support fees to be expended by the City on the Council Chambers Upgrade project (Attachment C).
4. Amend the Fiscal Year 2020 Budget Appropriation Ordinance (by a 2/3 vote of approval) for the Technology Fund by:
 - a. Recognizing \$511,536 in Revenue from Other Agency for the City Council Chambers Upgrade (TE-19001) capital project; and
 - b. Appropriating \$511,536 for Inter-Agency Expenses for Media Center operations.