



# CITY OF PALO ALTO CITY COUNCIL ACTION MINUTES

Special Meeting  
September 16, 2019

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:05 P.M.

Present: Cormack, DuBois, Filseth, Fine; Kniss arrived at 5:13 P.M., Kou; Tanaka participating remotely arrived at 5:13 P.M.

Absent:

## Study Session

1. Study Session With the City's Federal Lobbyist Related to Federal Legislation.

## **NO ACTION TAKEN**

## Closed Session

2. CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION  
Santa Clara County Superior Court Case No. 18CV328469  
(One Case, as Defendant)–Jay Greer v. City of Palo Alto  
Authority: Government Code Section 54956.9(d)(1).

**MOTION:** Council Member Cormack moved, seconded by Vice Mayor Fine to go into Closed Session.

**MOTION PASSED:** 7-0

Council went into Closed Session at 5:59 P.M.

Council returned from Closed Session at 6:25 P.M.

Mayor Filseth announced no reportable action.

## Consent Calendar

Council Member Kou registered no votes on Agenda Item Numbers 4 and 6.

**MOTION:** Council Member Cormack moved, seconded by Mayor Filseth to approve Agenda Item Numbers 3-6.

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3. Approval of Contract Number C20174826 With Monterey Mechanical Co. in an Amount Not-to-Exceed \$450,000 to Provide On-call Emergency and Critical Construction Services at the Regional Water Quality Control Plant, Wastewater Treatment Fund Capital Improvement Program Project WQ-19002.
4. Approval of a Funding Agreement With the Santa Clara Valley Transportation Authority (VTA) for 2016 Measure B Local Streets and Roads Program Funding.
5. Approval of Contract Number S19175846 With WRA, Inc. in an Amount Not-to-Exceed \$93,237 to Conduct a Matadero Creek Study for the North Ventura Coordinated Area Plan (NVCAP).
6. Vote to Endorse the Slate of Candidates for the Peninsula Division's Executive Committee for 2018-19 and Direct the City Clerk to Forward to Seth Miller, the Regional Public Affairs Manager for the Peninsula Division, League of California Cities the Completed Ballot for the City of Palo Alto.

**MOTION PASSED FOR AGENDA ITEM NUMBER 3, 5: 7-0**

**MOTION PASSED FOR AGENDA ITEM NUMBER 4: 6-1 Kou no**

**MOTION PASSED FOR AGENDA ITEM NUMBER 6: 6-1 Kou no**

**MOTION:** Council Member Kniss moved, seconded by Council Member Cormack to move Agenda Item Number 10 forward to be heard at this time.

**MOTION PASSED: 7-0**

10. Designation of Voting Delegate and Alternate for the League of California Cities Annual 2019 Conference, to be Held October 16-18, 2019 in Long Beach, CA.

**MOTION:** Council Member Kniss moved, seconded by Vice Mayor Fine to appoint Lydia Kou as a Voting Delegate and Council Member Kniss as an alternate for the League of California Cities Annual 2019 Conference.

**MOTION PASSED: 7-0**

## Action Items

7. Staff and Utilities Advisory Commission Recommends That the City Council Adopt a Resolution 9858 Entitled, "Resolution of the Council of

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the City of Palo Alto Amending Rule and Regulation 20 to Allow Neighborhood Self-funding of Certain Subsurface Equipment.”

**MOTION:** Vice Mayor Fine moved, seconded by Mayor Filseth to adopt a Resolution amending Utility Rule and Regulation 20 to allow Neighborhoods to Self-Fund Certain Subsurface Projects.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to direct Staff to return to Council with an overview of the City’s underground utilities policy related to cables and transformers.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to direct Staff to include in the Rules and Regulations efforts to camouflage cables and transformers.

**SUBSTITUTE MOTION:** Council Member Kou moved, seconded by Council Member XX to postpone adoption of the Resolution and direct Staff to return to Council after communicating the new policy to residents.

**SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND**

**MOTION AS AMENDED:** Vice Mayor Fine moved, seconded by Mayor Filseth to:

- A. Adopt a Resolution amending Utility Rule and Regulation 20 to allow Neighborhoods to Self-Fund Certain Subsurface Projects;
- B. Direct Staff to return to Council with an overview of the City’s underground utilities policy related to cables and transformers; and
- C. Direct Staff to include in the Rules and Regulations efforts to camouflage cables and transformers.

**MOTION AS AMENDED PASSED:** 6-1 Kou no

Council took a break at 8:51 P.M. and returned at 9:05 P.M.

8. Evaluation and Discussion of Potential Revenue Generating Ballot Measures and Confirmation of Finance Committee Recommended Parameters for Tax Structure and Further Analysis; and Approval of a Budget Amendment in the General Fund.

**MOTION:** Mayor Filseth moved, seconded by Council Member Kniss to continue Agenda Item Number 9, “Caltrain Business Plan - Direction to Staff Regarding...” to September 23, 2019.

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**MOTION PASSED:** 7-0

**MOTION:** Council Member DuBois moved, seconded by Council Member Kou to:

- A. Direct Staff to continue work regarding a potential revenue generating ballot measure with the following parameters:
  - 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 6 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 and potential polling;
  - h. Do additional analysis and research, benchmarking against San Francisco and East Palo Alto using an average tax revenue per working metric; 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; and

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- b) Remove range of 1 - 6 % and test a broader range up to 50% of SF average tax per employee
- B. Amend the Fiscal Year 2020 Budget Appropriation Ordinance for the General Fund by:
- a. Increasing the Administrative Services Department appropriation for contractual services in the amount of \$75,000; and
  - b. Decreasing the Budget Stabilization Reserve in the amount of \$75,000.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to amend Part A. h. to state "...including benchmarking against San Francisco and East Palo Alto's average tax revenue per worker metric..."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to amend Part A. g. to state "Discuss next steps including continued stakeholder engagement with multiple business types."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to remove Part A. i. b).

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to amend Part A. d. to state "...estimated revenue generation between 1 and 10 percent..."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to amend Part A. h. to state "Direct Staff to get an information sheet on San Francisco and East Palo Alto's various business taxes."

**MOTION AS AMENDED RESTATED:** Council Member DuBois moved, seconded by Council Member Kou to:

- A. Direct Staff to continue work regarding a potential revenue generating ballot measure with the following parameters:
  - 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;

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- 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
- B. Amend the Fiscal Year 2020 Budget Appropriation Ordinance for the General Fund by:
- a. Increasing the Administrative Services Department appropriation for contractual services in the amount of \$75,000; and
  - b. Decreasing the Budget Stabilization Reserve in the amount of \$75,000.

**MOTION AS AMENDED PASSED:** 6-1 Tanaka no

~~9. Caltrain Business Plan – Direction to Staff Regarding Comments on the Draft Long Range Service Vision.~~

Adjournment: The meeting was adjourned at 11:49 P.M.