

2017 STATE OF THE CITY

Mayor Greg Scharff

February 8, 2017

Good evening, everyone. I'm Greg Scharff and I have the privilege of again serving as Mayor of Palo Alto this year. I want to welcome and thank all of you for coming out this evening to be part of this important annual tradition in the life of our community.

I want to extend a special welcome to all of you who are Palo Alto community members; to our neighbors; to my fellow Council members and other elected officials; to all who serve on boards, commissions and committees; and to members of the press. Each of you by your presence here this evening demonstrates that you care greatly about our city. Before I get started, I want to take a moment to recognize and welcome our three newest Councilmembers who were recently elected this past fall, Lydia Kou, Greg Tanaka and Adrian Fine. Please give them a round of applause.

And welcome to HanaHaus. This creative transformation of a beloved community building is a collaborative workspace where innovation occurs on a daily basis. I chose Hana Haus as the location for tonight's State of the City address because it symbolizes many of the qualities that make Palo Alto an amazing community.

We are here tonight at a moment, however, when our attention and concerns must extend beyond Palo Alto.

- It is a moment when our awareness that the rights, freedoms and obligations we rely upon cannot be taken for granted.
- It is a moment when communication in the form of a 140-character Tweet is replacing thoughtful discourse on the most important issues facing our nation.

In this environment, it would have been tempting for me to Tweet the State of the City— but I follow a long line of Palo Alto mayors whose respect for this role, and for the citizens of our community, has been thoughtfully expressed in what they said at this event each year. I am honored to be among them and to have the opportunity tonight to express my own thoughts and ideas in greater depth than a Tweet.

This is also a moment when the quality of discourse in our national civic life has deteriorated and when polarized views and divisiveness are pervasive. *We take a great risk in emulating this tone, or allowing it to seep into how we communicate with each other, as we grapple with the challenges facing Palo Alto in the coming year.*

One of the great moral voices of our time, Jonathan Sacks, has written:

“When the winds blow hardest, it is then that you need strong roots.”

The winds are indeed blowing very hard, my friends, but I believe Palo Alto has strong roots. Our namesake El Palo Alto was first spotted on the horizon of the 18th century—who could have imagined then the dynamic 21st century city that flourishes here today?

Our roots are deep and strong for many reasons.

- First, we are an international community. The number of languages spoken every day here rivals any American city and the presence of people from many countries adds immeasurably to the vibrancy of our community life.
- Second, we are a community of neighborhoods. Each part of our city has its own distinctive character and contributes to a greater whole.
- Third, we are a community that is passionate about education, literacy and lifelong learning. We take great pride in the quality of our schools, our libraries, and our proximity to Stanford, one of the world's leading research universities.
- We also are passionate about the unique characteristics we cherish about our city—and like HanaHaus, we continuously look for ways to retain what is distinctive while connecting our treasured heritage with the world we live in today.

Our roots grow in fertile ground that has produced an abundant harvest of innovation—from the days when David Packard and William Hewlett pioneered an industry in their Palo Alto garage, to a startup culture where fresh ideas are re-seeded by each new generation.

Our roots are also strengthened by the presence of local, community-based journalism. Issues of importance to Palo Altans receive ongoing coverage, with opportunities for letters to the editor, guest opinions and blog posts that express diverse points of view. We have technologies that connect us as well, and allow citizens to have direct input into policy decisions and direction. We are a better and stronger community because of this, even when we may not agree with the coverage or the manner in which issues are characterized.

I want to challenge all of us in the coming year to be mindful of these great strengths. We may find ourselves in the months ahead needing to stand up for what we believe in as a community—not because of what transpires in City Hall, but because of what happens in Washington, D.C. Even as we debate important topics related to growth, traffic and housing, let's all remember how fortunate we are to be here.

I am proud that Palo Alto is a community that values diversity, multiculturalism, and unity. Its community spirit is one of service. We all aspire to make the world a better place, whether through technological innovation, restoring habitat in the baylands, or by reducing our carbon foot print. We lead on fighting climate change, on protecting the environment, on investing in infrastructure, on financial stewardship, and in providing services to our residents.

This year our Policy and Services Committee, chaired by *Councilmember Cory Wolbach*, will be closely monitoring Federal events and policies and ensuring that as a city, we take immediate and decisive action to protect civil rights, human rights and our values as a community.

Councilmember Wolbach, could you please stand up? Let's give a hand for Councilmember Wolbach in stepping up for such an important role.

We are, and will remain an inclusive, welcoming community. I expect that over the next year, there will be much discussion about whether Palo Alto should not just act like a Sanctuary City, but join other progressive cities in risking the loss of federal funds and declaring politically that we stand with those in our community who most need protecting.

On Monday nights at City Hall, we will have an opportunity this year to show that vigorous debate and opposing viewpoints are the very bedrock of democracy—not just nationally but right here.

Palo Alto can be a beacon to a divided nation by grappling with our most sensitive and difficult issues in a tone of respect. We can rise above the national discourse and preserve the quality of our own community dialogues about tough issues through respect and openness. If any place can do this, it's Palo Alto, where we have an

engaged citizenry who cares deeply about their community. Let's take this opportunity to show how it's done through civic discourse and dialogue.

As someone who has devoted a career to the practice of law, I believe that a civil society is one based on orderly resolution of disputes in processes involving facts, analysis and guideposts for decisions. I pledge to you that as mayor, I am committed to conducting the business of our community in a transparent manner that supports airing divergent points of view, but also brings discussion to a conclusion rather than endlessly extends it.

- We all want to see Palo Alto continue to prosper, and I want us to make real progress on even our most difficult issues.
- Every council member, both former and current who I have met, has worked hard for their community, sacrificed personally and spent untold hours working to make Palo Alto a better place.
- I believe that every viewpoint deserves respect, especially those with which we disagree. In this age of alternative facts, misrepresentations, factual distortions, and personal attacks, there should be no place in Palo Alto politics for such antics.

During the last campaign, I was dismayed as many of you were by the personal and untrue attacks made on local candidates. Also like many of you, I am saddened and disheartened by the increasing vitriol posted in comments on Palo Alto online. I am

strongly urging Bill Johnson, publisher of the *Palo Alto Weekly*, to require that people use their real names for online comments. We should all be accountable for what we say in the public arena. Let's commit this year to building a community together--not tearing one apart.

In public policy, very few issues are truly black and white—all involve tradeoffs of one kind or another and it is almost never the case that “one size fits all.” As a community, we should declare that no one wears a white hat or a black hat when it comes to any local issue. *Reasonable people should and do disagree.*

Words and language matter, and I ask everyone in Palo Alto to recognize the good intentions and motivations of those who hold views that are different than yours and to resist the temptation to emulate the tone of this president.

I believe this negative dialogue and rhetoric are part of the reason that our sense of community as a City has declined dramatically in recent years. The City recently conducted its annual Citizen survey and the results show that, **during the last two years**, residents' overall confidence in Palo Alto government dropped 8% and there was a 10% drop in residents' beliefs that their local government was generally acting in the best interest of the community. In addition, residents also believe that the overall quality of life in Palo Alto is falling. We need to turn this trend around and find better and more effective ways to engage with and understand the needs of all our residents.

Before I shift to a discussion about the Council's priorities and key initiatives for the coming year, I want to talk for a few minutes about the City's comprehensive plan and hopefully clear up the confusion that seems to be swirling about the January 30th Council meeting. The Comprehensive Plan (or comp plan) is the overarching policy document that provides long term guidance for development and land use decisions in the City. The last comprehensive plan was completed in 1998, almost a generation ago and this new plan will probably inform development decisions that will impact the next generation.

At the January 30 meeting, City staff and members of the Citizens Advisory Committee, brought forward over 30 questions to the Council regarding how to proceed on various difficult policy issues in the Comp Plan. I want to take a moment to commend the hard work the Citizens Advisory Committee has completed over the past two years. The CAC has done an excellent job sending forward goals, policies and programs for the Council's review and their input is valued and has been and will continue to be extensively used. The Council devoted the entire evening on January 30 to answering the lingering questions from this Committee and staff. The Council, at a high level, provided direction to maintain the status quo on almost all issues, including on the 50-foot height limit, the 50,000-square foot per year cap on office development, and the overall development cap for the City.

I could go back and review each vote the Council took on the comp plan that night and explain them but then this would be like a council meeting and we would be here until

midnight. However, I will touch on one other issue. Council was asked whether the comp plan is too long and whether there were too many programs. Last year, when the Council reviewed our S Cap (which is a fancy word for our climate action plan), the Council removed the implementation plan from the policy document and put it in an appendix. This is what the majority of Council suggested be done with the Comp Plan programs on Monday night. No programs were discarded or cancelled. Instead the direction was to bring the Comp Plan back to Council with the programs in a separate Appendix. This is in effect a formatting change that many other communities use when developing their comp plan. It allows the key goals and policies to remain in place for the long term while giving more flexibility to future City Councils to adjust implementation measures as circumstances dictate and as conditions change.

I realize this may sound like an in the weeds, wonky nuanced explanation, but unfortunately most good public policy is just that. I also want to assure everyone that the comp plan process is not over and there are many more meetings on the Plan before final adoption. No final actions have been taken and I will be looking for ways for us to come together around a plan we can adopt by the end of the year.

No one will see every policy or implementation program they want in the plan, but I'm confident that the finished product will not be vastly ideologically different from the current plan we have, and that it will accurately reflect our collective vision for Palo Alto in 2030.

Now I want to turn our attention to the 5 priorities selected by the Council for this year: Housing, Budget & Finance, Transportation, Infrastructure and Healthy Cities. These priorities I believe accurately capture the community's concerns and I want to highlight where we are headed on each.

First is housing. Our region has a housing crisis – there is no way to delicately state this. I am very proud that our community voted overwhelmingly in support of Measure A, the Santa Clara County Affordable Housing bond that will bring much needed affordable housing to the County. Now, we need to get affordable housing projects into the pipeline for approval and construction, and secure our share of the funding for affordable housing authorized by Measure A.

Housing is a regional problem and we are not doing our fair share. Whereas we are seen as a regional and even national leader on many issues, we sorely lag behind on housing issues. We are not even looked at as part of the solution, but as part of the problem. All types of housing, not just affordable housing, are needed and other cities are stepping up and doing more than their fair share. Many in the community have expressed concerns about the impacts of housing on school capacity. However, the school district has seen declining enrollment numbers in elementary for the past few years. Mountain View, Sunnyvale, Redwood City, and Menlo Park are all building tens of thousands of housing units collectively.

In the next month, the Council will be considering and acting on some housing policy issues, including Accessory Dwelling Units, housing impact fees, and incentives for small lot consolidation. However, what we must do is actually produce housing, not just talk about it. We also need to work with the community and developers to ensure housing projects are designed in accordance with neighborhood and community goals. My goal for this year is not to just talk about housing, but to get at least two significant market rate projects and one affordable project in the pipeline. Again, this is modest but achievable.

The second priority is Budget & Finance. Pensions and benefits continue to rise faster than revenues, creating challenges for the City's finances. We need to continue to be prudent in how we manage our money. We need to grow revenues and Eric Filseth (chair of Finance Committee last year and again this year) is well versed in the nuances of our City budget. He will lead the Committee in tough discussions about how to close the structural deficit in our budget without impacting services to our community while continuing to fund our infrastructure projects. Eric has also been leading the charge for the Council to address the City's unfunded pension liabilities and under Eric's leadership, I expect us to make progress in this area.

Councilmember Filseth could you please stand up? Let's give a hand for Councilmember Filseth for taking on these important leadership roles.

The third priority is transportation. This year, we will begin construction on a handful of neighborhood traffic safety and bicycle boulevard projects that have been in the planning and design phases for several years, and we will be implementing the planned

improvements at the north end of Middlefield Road and the Charleston/Arastradero corridor. The City stands to receive \$38 Million in funding from Measure B, or \$1.2M per year, for street repairs and congestion relief projects, and will be in a good position to access competitive bicycle/pedestrian program funds. I want to thank the voters of Palo Alto for helping to pass this critical regional sales tax measure to fund our transportation needs.

Our new traffic signal system is enabling long-overdue re-timing of our traffic signals, and by the end of the year, we will implement updated signal timing on all of our arterials except for Charleston/Arastradero, which will be under construction. In other words, we are committed to congestion relief and are working hard to create better and safer traffic flow in this city.

Parking & TDM Issues

At the end of this year, we will have functioning Residential Preferential Parking (RPP) programs in Downtown, College Terrace, Southgate, Evergreen Park and the Mayfield neighborhood adjacent to California Avenue.

We will also have an opportunity to consider changes to parking management downtown in March, when staff brings forward the results of the Downtown Parking Management study. We all know that parking is tight down here, and the new garage that we're currently designing cannot fully address the issue. The parking management

study will give us recommendations about better managing the parking supply we have, and suggest ways we might generate revenues to support the fledgling Transportation Management Association (TMA).

The City helped establish the TMA with the goal of reducing solo commute trips by private automobiles by 30% and the organization is starting to take its first steps to address this goal. The Council will be receiving a report on the status of their efforts – and on similar efforts in the Stanford Research Park – on March 6th. During the year, we will be looking for other ways to help the organization mature and thrive.

Rail

I also expect that this will be a productive year on many fronts for our Rail Committee. The Rail Committee will be under the leadership of Councilmember Tom Dubois this year who is passionate about these issues and will be an effective champion of Palo Alto's interests. The goal of the Rail Committee is to analyze Caltrain grade separation alternatives and be in a position to select a preferred grade separation alternative by this time next year. This will allow us to move onto the activities that will make our project "shovel ready." This is vitally important for Palo Alto after the passage of County Measure B. Measure B provided \$700 million for Grade Separations and it is critical that Palo Alto be in a position to secure its fair share of that money.

Councilmember Dubois could you please stand up and be recognized? Let's give a hand to Councilmember Dubois for his leadership on this important issue.

I know several of my colleagues are interested in the idea of a fully underground scenario, and the alternatives analysis will allow us to better understand the physical constraints and costs associated with this idea, as well as the pros and cons of other solutions like the trenching option we've studied in the past. Most importantly, we will have the information with which to decide as a community what we want and are able to do.

Infrastructure is another priority and we are investing significantly to rebuild it. I would like us to accelerate the timing to complete these projects. I believe we can finish the Bike Bridge over Highway 101 next year. The community needs that Bike Bridge and it should be a priority project. Without the vision of Vice Mayor Liz Kniss and her work to secure County funding for this project, we would not be as close to making this bridge a reality.

Let's give a big hand to Vice Mayor Kniss who unfortunately couldn't join us today due to a family emergency.

I also wanted to talk about two extraordinary public private partnerships that will add so much to our community. The first is the renovation of 450 Bryant Street, where our valued partner Avenidas resides. Last year, Avenidas served over 7,500 seniors and hosted 233 classes in only 5,600 square feet of program space. Older adults make up the largest segment of our population; over 1/3rd of area residents are over the age of 55. By 2030, those over 55 are projected to be 50% of the population as Baby Boomers

become seniors. Avenidas is raising \$13 million dollars to completely renovate the City owned building and the City is dedicating \$5 million dollars to the project. We are very lucky to live in a community where projects like this can become a reality.

The second partnership is with the Friends of the Palo Alto Junior Museum & Zoo who will complete their \$25 million dollar fundraising campaign to rebuild the JMZ facility as a gift to the community. The campaign includes a \$15 million matching grant from the Peery Foundation and \$10 million in private donations from local donors. Again, this is an extraordinary partnership between our citizens and the city of which we can be very proud.

Palo Alto's Junior Museum & Zoo has 170,000 visitors per year and offers a robust science education outreach program that served 19,000 local schoolchildren last year in nearly 50 elementary schools and preschools, including all 12 PAUSD elementary schools. Palo Alto's Art Center had over 108,000 visitors last year, including more than 24,000 visitors to its galleries. The JMZ collaborated with the Art Center to provide a two-year artist-in-residency program called Creative Ecology. The program includes field trips and programs for schools, weekend family programs in local open spaces and parks, and gallery programs highlighting the work of the four artists with schools and families. Creative Ecology served approximately 9,400 people this year – that is outstanding!

I am also very pleased to report that, after many trials and tribulations from permitting agencies, the fully-renovated golf course will reopen this year. I don't play golf but I am told by reliable sources that this will be the best public course between San Francisco and San Jose while also significantly enhancing the ecology of the Baylands. The new golf course will also reduce potable water use by 35% and add 10.5 acres to the Baylands Athletic Center for other future recreational uses.

I also wanted to touch on the Byxbee Park Hills Renovation which is now 95% complete. The project transformed the former landfill to parkland and it is a jewel. I run there twice a week and it is simply amazing. I encourage everyone to go down to the Baylands and enjoy it. A new trail system has been installed with miles of new trails. There are new park benches, interpretive signs, a group meeting/seating area, and 4 native planting islands have also been added to enhance the visitor experience and improve the habitat. I am also pleased to report that burrowing owls have returned and have started using the site.

The Baylands Nature Center Facility Improvement project will be completed in March of this year, and at the same time, staff will start to work on developing a Baylands Comprehensive Conservation Plan. The plan will provide guidance on managing the habitat, wildlife, and appropriate recreation at the Baylands Nature Preserve. The plan should be completed in approximately 18 months.

In addition to these great community assets we have been working to rebuild, we also plan to embark on the new construction of two parking garages (one in Downtown and one on Cal Ave) along with the construction of the new public safety building and rehabilitation/reconstruction of a couple of fire stations. These investments in infrastructure will serve the community for many years to come and will help to enhance public safety and alleviate some of our parking challenges.

Healthy Cities is the final priority I will focus on tonight. It was originally proposed by Vice Mayor Liz Kniss and Councilmember Karen Holman. Councilmember Holman, Vice Mayor Kniss and I have worked actively on Healthy City initiatives. These include Smoking and Tobacco regulations, as well as making Palo Alto an age friendly community. This year, we added airplane noise, human rights and civil rights as well as establishing specific metrics to measure progress on our Healthy Cities initiative.

Councilmember Holman can you stand up and be recognized for your work on these efforts? Let's give a big hand to Council Member Holman.

This year, the City, with a committee of community volunteers and the Human Relations commissioners, are also planning a series of community conversations. A cross-section of people who live, work, or worship in Palo Alto will participate in the four conversations called ***Being Different Together-Taking the Conversation Deeper***. These community conversations will focus on recognizing and acknowledging our biases and respecting differences, and on listening and challenging our ideas. We will talk about building and

nurturing a community that models respect for differences such as race, religion, gender, origin, sexual orientation, socio-economic status, political affiliation, and opinion. The City of Palo Alto aims to be a model city of respect and inclusion; and this program will further affirm our community's commitment to the principles of respect, inclusion, dialogue, justice, and responsibility.

Lest you think Palo Alto is all serious business, we also have a lot of fun and engaging events going on this year and as Mayor, I intend to bring more of these forward.

June 1-3 will bring Code Art to Palo Alto where we will temporarily reframe our City as a laboratory for urban interventions and creative place-making while engaging commuters, residents, students and visitors in dialogue about the downtown. The very cool event will include:

- **Artwork:** A major temporary public art project will be commissioned in a key downtown site, anchoring the three-day festival and acting as a major draw to the downtown corridor. An experienced and acclaimed public artist in activating public spaces will be selected for this high-quality project. Depending on the nature of the artwork, the art work may remain for up to six months.
- **Urban Interventions:** Up to eight urban intervention installations will be installed in the downtown corridor, reimagining downtown spaces and exploring potential new uses of some of the sites. These interventions or prototypes may be augmented reality, virtual reality, street furniture, projections, or any other type of

intervention that activates or alters some of the downtown storefronts, alleys, parking lots, and blank walls in new and inventive ways.

- **National Day of Civic Hacking** – The City’s IT Dept. will partner with the Public Art Program’s Code: ART, providing an opportunity for all types of innovators and technologists to participate in the event.

As you have heard, we will continue to get a lot accomplished as a City. Many of you might think that the Council does all this right? We sometimes think we do and then we remember the incredibly hard and dedicated work of our professional staff. They truly care about the future of this community and I thank them all for their service.

Palo Alto in twenty years will likely look a lot like it does right now. Major change is not going to occur. Our neighborhoods, our parks, our schools, our shopping centers will essentially remain unchanged in terms of the built environment. Twenty years from now, your single-family neighborhood will look like it does right now. However, we need to address the impacts of growth in a thoughtful and intelligent manner that thoroughly involves the community in that discussion. We also need to make room for a few more people in our community. Regional pressures and traffic will continue to impact us as they do every Bay Area city and we need to strongly engage with regional partners to develop effective cross-jurisdictional solutions.

Let me close tonight with gratitude—for the opportunity to serve as Mayor, for a chance to join with so many others in serving this remarkable community, and for all those who came before us.

Palo Alto's deep roots will be tested by strong winds in the coming year—but as our neighbor Stanford University proclaims on its official seal— *“the wind of freedom blows.”*

Freedom to engage, freedom to disagree and freedom to take a stand—for the common good, with respect and with dignity for all.

Thank you for being here and I look forward to the important work that lies ahead.

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