

**REGULAR MEETING MINUTES****Date: 7/28/2020****Time: 5:00 p.m.****Regular Meeting Location: Joinwebinar.com – ID# 211-064-659****NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE**

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the City Council, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Submit a written comment online:
menlopark.org/publiccommentJuly28*
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the regular meeting real-time online at:
joinwebinar.com – Regular Meeting ID 211-064-659
 - Access the regular meeting real-time via telephone (listen only mode) at:
415-930-5229
Regular Meeting ID 745-634-714 (# – no audio pin)
*Written and recorded public comments and call-back requests are accepted up to 1 hour before the meeting start time. Written and recorded messages are provided to the City Council at the appropriate time in their meeting. Recorded messages may be transcribed using a voice-to-text tool.
- Watch special meeting:
 - Cable television subscriber in Menlo Park, East Palo Alto, Atherton, and Palo Alto:
Channel 26
 - Online:
menlopark.org/streaming

Note: City Council closed sessions are not broadcast online or on television and public participation is limited to the beginning of closed session.

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing

the webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

According to City Council policy, all regular meetings of the City Council are to end by midnight unless there is a super majority vote taken by 11:00 p.m. to extend the meeting and identify the items to be considered after 11:00 p.m.

Regular Meeting (Joinwebinar.com – ID# 211-064-659)

A. Call To Order

Mayor Taylor called the meeting to order at 5:12 p.m.

B. Roll Call

Present: Carlton, Combs, Nash, Mueller, Taylor

Absent: None

Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk Judi A. Herren

C. Public Comment

None.

D. Presentations and Proclamations

D1. Proclamation: RethinkWaste 2020 trash to art contest winners ([Attachment](#))

Mayor Taylor read the proclamations of each of the winners ([Attachment](#)).

Gabriel Parish, third grader from Laurel School, made a brief presentation on their “Alligator Golf Hazard” piece ([Attachment](#)).

Megan Nye, fourth grader from Laurel School, made a brief presentation on their “Save the Turtles” piece ([Attachment](#)).

Henrique Carvalho, third grader from Laurel School, made a brief presentation on their “Respiratory System” piece ([Attachment](#)).

E. Consent Calendar

Mayor Taylor pulled item E6.

City Councilmember Carlton pulled item E3.

City Councilmember Nash pulled item E7.

Applicant pulled item E4.

E1. Accept the City Council meeting minutes for June 1, 2, 9, 16, 18, and 19, 2020 ([Attachment](#))

- E2. Adopt Resolution No. 6564 authorizing the city manager to execute an agreement with California department of education to reimburse the City for Belle Haven Child Development Center operational costs in fiscal year 2020-21 ([Staff Report #20-156-CC](#))
- E3. Consider directing staff to research and analyze The California Schools and Local Communities Funding Act of 2020 ballot measure (California Proposition 15) with a focus on impacts to housing development, the City's general fund and small businesses ([Staff Report #20-157-CC](#))

- Jennifer Bastor spoke in support of pulling item E3. for City Council discussion.

The City Council received clarification on the Housing Commissions recommendation and the value of the City doing independent research.

- E4. Authorize the city manager to enter into a contract with PlaceWorks to prepare an environmental impact report for the proposed mixed-use project at 123 Independence Drive for the amount of \$306,550 and future augments as may be necessary to complete the environmental review for the proposed project ([Staff Report #20-158-CC](#))

- Pamela Jones spoke in support of pulling E4. for City Council discussion.

The City Council directed this item be removed and continued at a future meeting.

[Web form public comment received on item E4](#) (Attachment).

- E5. Appropriate \$50,000 for telework policy implementation through the end of calendar year 2020 ([Staff Report #20-159-CC](#))
- E6. Review and adopt City Council Procedure #CC-20-012 – “City Councilmember requests” ([Staff Report #20-154-CC](#))

The City Council directed this item be removed and agendized as a regular item at a future meeting.

- E7. Authorize the city manager to submit a letter of support for a joint grant application to investigate the feasibility of first/last mile autonomous vehicles ([Staff Report #20-163-CC](#))

The City Council received clarification on how grant money can be spent and the impacts to staff.

- E8. Award of a construction contract to Pavement Coatings Co. for the 2020 street preventive maintenance project ([Staff Report #20-162-CC](#))

ACTION: Motion and second (Carlton/ Nash) to approve the consent calendar, excluding items E4. and E6., passed unanimously.

F. Regular Business

- F1. Adopt Resolution No. 6576 adopting the five-year capital improvement plan for fiscal year 2020-21 ([Staff Report #20-161-CC](#))

Public Works Director Nikki Nagaya made the presentation (Attachment).

The City Council received clarification on the wireless antenna encroachment permit, capital improvement project and carryover funding, street and sidewalk projects, water main replacement, downtown parking revenues, and underground utilities. The City Council directed staff to restore positions that supports grade separation.

ACTION: Motion and second (Combs/ Carlton) to adopt Resolution No. 6576 adopting the five-year capital improvement plan for fiscal year 2020-21, passed unanimously.

The City Council took a break at 7:06 p.m.

The City Council reconvened at 7:28 p.m.

F2. Appropriate \$35,000 from the general fund unassigned fund balance for fiscal year 2020-21 for a short-term rental compliance contract to activate enforcement of municipal code for transient occupancy tax collection for short-term rentals ([Staff Report #20-160-CC](#))

Deputy Community Development Director Rhonda Coffman made the presentation ([Attachment](#)).

- Julie Shanson spoke in support of enforcement for transient occupancy tax (TOT) collection for corporate and professional property managers.

The City Council received clarification on how TOT is collected, current corporate leases, voluntary agreements with short term rental providers, and current TOT enforcement. The City Council discussed hardship waivers and postponing enforcement until 2021.

ACTION: Motion and second (Combs/ Nash) to:

1. Appropriate \$35,000 from the general fund unassigned fund balance for fiscal year 2020-21 for a short term rental compliance contract to activate enforcement of municipal code for transient occupancy tax collection for short-term rentals with caveat that demands for payment against unregistered short term rentals not be mailed until January 1, 2021; and
2. Clarify that short term rentals are hotels under Menlo Park's Code and would be subject to the City Council's earlier penalty waiver issued on July 14, 2020 (e.g., January 1, 2020 and June 30, 2020) if they remitted by October 31, 2020, passed unanimously.

F3. Update the City Council and public on COVID-19 health emergency and the City's response ([Attachment](#))

City Manager Starla Jerome-Robinson made the presentation.

Informational Items

G1. City Council agenda topics: August 2020 to September 2020 ([Staff Report #20-155-CC](#))

The City Council request information on the Belle Haven community center and library project and updates to the services at the pools.

G2. Update on the Belle Haven community center and library project ([Staff Report #20-164-CC](#))

G. City Manager's Report

None.

H. City Councilmember Reports

City Councilmember Carlton reported on a message from Recology (link).

City Councilmember Nash reported on CalTrain and Local Policy Makers Group meeting and upcoming Rail Subcommittee and Peninsula Clean Energy meetings. Nash also requested adding the high-speed rail environmental impact report to an upcoming consent calendar item.

City Councilmember Mueller reported on a request from the Environmental Quality Commission regarding the Bay Area quality management district request for records for gas sold from 2015 – 2019.

Mayor Taylor reported on a meeting with Menlo Park Fire Protection Chief Harold Schapelhouman, Menlo Park Police Commander Tony Dixon, and Deputy Community Development Director Rhonda Coffman regarding the Menlo Park triangle encampment.

I. Adjournment

Mayor Taylor adjourned the meeting at 9:36 p.m.

Judi A. Herren, City Clerk

These minutes were approved at the City Council meeting of August 25, 2020.

PROCLAMATION

Presented to

Gabriel Parish

RethinkWaste 2020 Trash to Art Contest
First Place Winner for

Alligator Golf Hazard

Presented this twenty-eighth day of July 2020

DocuSigned by:
Cecilia Taylor
4A373F6C54BE48A...

Cecilia Taylor, Mayor

PROCLAMATION

Presented to

Megan Nye

RethinkWaste 2020 Trash to Art Contest
Second Place Winner for

Save the Turtles

Presented this twenty-eighth day of July 2020

DocuSigned by:
Cecilia Taylor
4A373F6C54BE48A...

Cecilia Taylor, Mayor

PROCLAMATION

Presented to

Henrique Pedros

RethinkWaste 2020 Trash to Art Contest
Honorable Mention Winner for

The Respiratory System

Presented this twenty-eighth day of July 2020

DocuSigned by:

Cecilia Taylor

4A373F6C54BF48A...

Cecilia Taylor, Mayor



RETHINKWASTE 2020 TRASH TO ART WINNERS



First Place:
Gabriel Parish
3rd grade
Laurel School
“Alligator Golf Hazard”





RETHINKWASTE 2020 TRASH TO ART WINNERS



Second Place:
Megan Nye
4th grade
Laurel School
“Save the Turtles”





RETHINKWASTE 2020 TRASH TO ART WINNERS



Honorable Mention:
Henrique Pedros
3rd grade
Laurel School
“The Respiratory System”



Agenda item E4 Pamela Jones, resident

Mayor Taylor, Vice Mayor Combs, Council members Nash, Mueller, and Carlton, and Staff,

There have been multiple discussions by the Council and Planning Commission regarding the Connect Menlo General Plan update approved in December 2016 and flawed assumptions effecting all current and future decisions. The language in the General Plan was created mainly to satisfy developers ability to build their projects. Since the Facebook Expansion and Connect Menlo were conducted simultaneously, clear separation was not made evident to the public. The agenda for many meetings tended to exclude residents' concerns as seen by the settlement agreement with East Palo Alto and on-going expressed concerns by residents living in the M2 area.

During the past 3.5 years we have seen the results of increased development in M2 and the negative effects on the residential areas of District 1. The negative impacts include but are not limited to substantial increased cut-through traffic, displacement of residents, and failure to provide "promised" amenities in a timely manner.

This project does not fall under SB-330 as it does not appear to address "very low, low-, or moderate income households or an emergency shelter unless the local agency makes specified written findings based on a preponderance of the evidence in the record." The City has not provided housing studies with complete data utilized for all housing studies completed since 2016. This data must include study perimeters, data collected, analyzes, and summary. Without this information it is difficult to determine housing supply by income level is required.

Please note that all previous housing studies performed by Keyser Marston Associates (KMA) in the M2 area, prior to the Connect Menlo General Plan, indicated the projects would have minimal or no effect on Belle Haven residents or East Palo Alto.

This project and all subsequent projects should be put on hold until all current in-progress EIRs have been completed in M2 and issues with Connect Menlo General Plan have been resolved.

Respectfully, Pamela D Jones, MP resident



CAPITAL IMPROVEMENT PLAN

July 28, 2020



CIP OVERVIEW

- 61 funded projects
- 7 categories
 - Buildings & systems (9)
 - Environment (4)
 - Parks & recreation (11)
 - Stormwater (4)
 - Streets & sidewalks (14)
 - Traffic & transportation (12)
 - Water system (7)
- 26 recommended for funding in 2020-21

- 11 programmatic categories: Parks (minor), Sports field renovations, Traffic signal modifications, etc.



COMPLETED PROJECT HIGHLIGHTS





COMPLETED PROJECT HIGHLIGHTS





FUNDING THE CIP

- General fund: annual transfer of approximately \$3.0m
- Other sources:
 - Grants
 - Dedicated sources: water, transportation impact, stormwater, solid waste, etc.
 - Development agreement community benefits (e.g., Downtown amenities fund)
- Prior fiscal years, surplus revenues at the end of the year used to pre-fund CIP projects for the following year:
 - Santa Cruz Avenue Sidewalks (Phase 1)
 - Chrysler Pump Station
 - Nealon Park Playground
 - Sharon Road Sidewalks



FY2020-21 CIP AT-A-GLANCE

- \$18.8m infrastructure investment
 - Reduced more than 20% since 2019-20 plan and 4/28 study session
- \$4.4m from General Fund CIP
 - Reduced by 65% since 2019-20 plan adopted and 4/28 study session
- \$14.4m from other funding sources and grants



STRATEGY & EVALUATION CRITERIA

- Requisite: Yes or No
 - Regulatory compliance
 - Preservation of City assets
 - Grant funding timelines
 - Correct an existing deficiency

- Progress planned for FY20-21: Yes or No

- Prioritization: Tiers 1, 2, and 3

- Multiple funding sources available?



STAFF RECOMMENDATION SUMMARY

- Fully funds baseline needs for BHCCL
- Preserves funds for maintaining existing infrastructure
- Leverages grant funds
- Delays non-critical projects and repurposes funds



20-21 PROPOSED PROJECTS BUILDINGS, ENV & PARKS



Project	Source	Amount
Belle Haven Community Center & Library	Various	\$3.85M
Buildings (minor)	General CIP	\$0.25M
CAP implementation	General CIP	\$0.10M
EV chargers at city facilities	Grant	\$0.40M
Aquatic center maintenance	General CIP	\$0.40M
Bedwell Bayfront Park master plan	General CIP/grant	\$1.35M
Park improvements (minor)	General CIP	\$0.20M
Park pathways repair	General CIP	\$0.25M
Park playground equipment	Rec in lieu	\$0.20M
Sports fields renovations	General CIP	\$0.30M
Tennis court maintenance	General CIP	\$0.12M



20-21 PROPOSED PROJECTS STORMWATER & STREETS



Project	Source	Amount
Bayfront canal & Atherton channel flood protection	General CIP	\$1.20M
Chilco streetscape improvements	Const impact fee	\$2.86M
Downtown parking utility undergrounding	Downtown parking	\$0.50M
Downtown streetscape improvements	Downtown amenities	\$0.10M
Haven Ave streetscape improvements	Grant	\$0.30M
Ravenswood Ave resurfacing	Highway users' tax	\$0.85M
Sidewalk repair program	Various	\$0.55M
Street resurfacing program	Various	\$2.33M
Streetlight conversion	General CIP	\$0.65M
Willow Rd resurfacing	Const impact fee	\$1.00M
Willow Oaks bike connector	TIF	\$0.50M



20-21 PROPOSED PROJECTS TRANSPORTATION & WATER



Project	Source	Amount
Traffic signal modifications	TIF	\$0.35M
Transportation (minor)	TIF	\$0.18M
Reservoir No. 2 roof replacement	Water capital	\$0.60M
Fire flow capacity improvements	Water capital	\$0.60M



MODIFICATIONS TO CARRYOVER PROJECTS



Project name	Amount	Recommendation
Facilities maintenance master plan	\$0.15M	Delayed to 22-23
Welcome to Menlo Park monument signs	\$0.18M	Delayed to 22-23
Oak Grove, University, Crane bicycle project extension	\$0.08M	Removed, reconsider priority after TMP adoption
Willows neighborhood complete streets study	\$0.30M	Removed, reconsider priority after TMP adoption
Downtown parking structure study	\$0.72M	Delayed to 22-23 and adjusted amount
Furniture replacement	\$0.40M	Removed
Main library improvements	\$0.44M	Delayed, identify priority as pandemic response continues
Total	\$2.27M	



PROPOSED COUNCIL ACTION

- Adopt resolution 6576 adopting the 5-year CIP:
 - Appropriates \$18.8M to 26 projects in 2020-21
 - Repurposes \$2.27M from 7 projects from prior years
 - Transmits plan for future capital needs



THANK YOU

The background image shows a street scene with a building facade. A brown oval sign reads "harvest" and a red circular sign reads "TABAC". There are green plants with red flowers in the foreground. A sidewalk with red wicker chairs is visible on the right. The image is overlaid with a teal and orange graphic.

SHORT-TERM RENTAL REGULATION



PROCESS OVERVIEW

- 2019 City Council initiative and Housing Commission work plan item
- June 2019 through March 2020 - Housing Commission process
 - Housing Commission ad hoc subcommittee - TIERS public engagement framework
 - Public outreach and input
 - Short term rental market analysis
 - Summary of conclusions
- January 28, 2020 - update to City Council on short-term rental outreach
- March 4, 2020: Housing Commission recommended:
 - Authorize staff to select a short-term rental compliance service provider and enter into contract for services to initiate and implement compliance services
 - Recommend new transit occupancy tax revenue be allocated to affordable housing activities and programs



REGULATORY STRATEGIES

- Don't regulate (at this time)
- Tax only
- Regulate lightly (few rules)
- Regulate heavily
- Ban
- *Voluntary collection agreements*



SHORT-TERM RENTAL TRADE OFFS

- **Advantages of short-term rentals**
 - Increase transit occupancy tax revenue (TOT)
 - Extra spending on local goods and services
 - Additional income for homeowners (if they rent an extra bedroom occasionally)
- **Concerns / disadvantages**
 - Loss of housing stock
 - Impact on hotel industry
 - Incompatibility with residential neighborhoods/loss of community character
 - Other – disability access, safety



REGULATORY OPTIONS

- Prohibition
- Applicability (e.g. single family residence, ADU's)
- Quantitative restrictions
- Geographic restrictions
- Concentration
- Operational requirements
- Rental period
- Owner occupancy requirements
- Permitting
- Enforcement



REGULATION & ENFORCEMENT

- Generally less than 10% of STR hosts voluntarily register and pay all of their hotel taxes
 - Menlo Park has some STR owners that voluntarily remit taxes
- Manual compliance and monitoring is ineffective and prohibitively expensive
 - Listings on 100's of websites
 - Monitoring listings nearly impossible as listings are changed, added or removed
 - Hidden property addresses make it difficult to identify owners
 - Difficult to collect taxes as there is no way to verify how often properties are rented and for how much



SHORT-TERM RENTAL MARKET

- Industry market context
 - 800% growth since 2011 (approx. 8MM)
 - Airbnb 4.5MM, VRBO 1.5MM, Booking.com 1.2MM, TripAdvisor 0.8MM
 - Hundreds of short-term/vacation rental web hosting platforms
 - Rental channels: Airbnb (79%), VRBO (8%), Both (13%)

- AIRDNA data for last two quarters of 2019 (July-December):
 - Active rental listings: Approximately 396-524 (approx. 3% of total housing stock)
 - Occupancy rate: 218-320 (based on 396) booked at least one night (55-81%)
 - Average daily rate: Average \$254 (High \$293 – Aug '19, Low \$211 – Dec '19)

- AIRDNA data for June 2020:
 - Active rental listings: 326 (approx. 1% of housing stock)
 - Occupancy rate: 162 booked at least one night (57%)
 - Average daily rate: \$216
 - 74% entire home, 21% room, 5% shared room



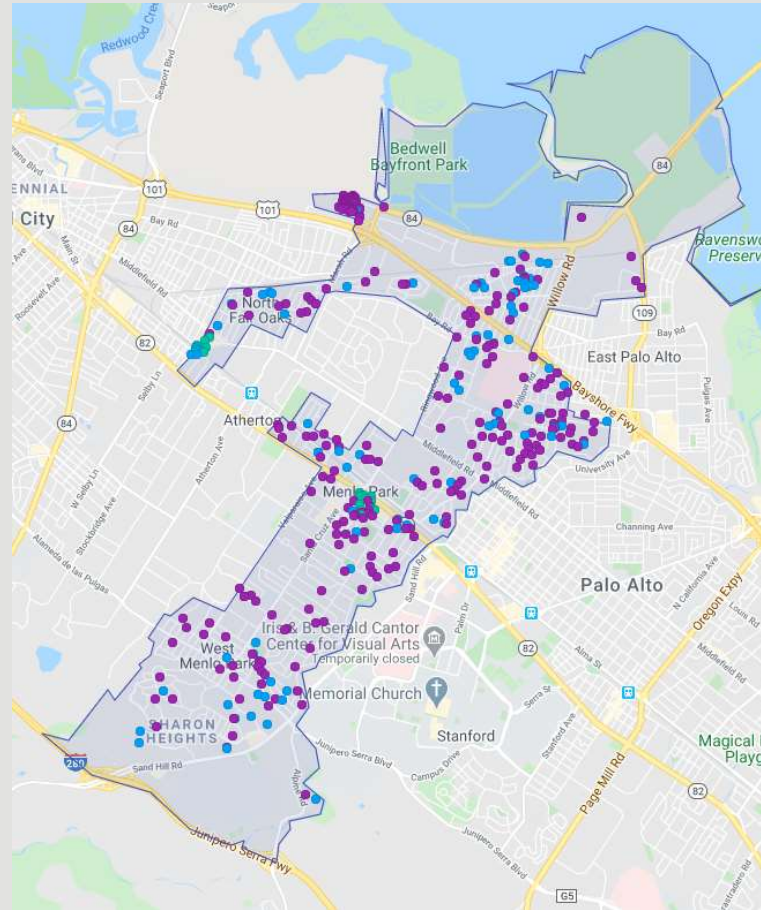
LOCATIONS

Legend

Purple: Entire home

Blue: Room

Green: Shared room





CONCLUSIONS

- Current high priority short-term rental related issues identified:
 - Need accurate data to monitor housing availability concerns
 - Collection of tax – enforcement
 - Corporate leases (*to be addressed separately*)

- **Enforce existing TOT ordinance - use of contracted compliance service**
- City municipal code, Chapter 3.16, transit occupancy tax
 - Currently no mechanism or staff resources to monitor compliance
 - exception: hotels
 - Requires:
 - registration for a “transient occupancy registration certificate”
 - reporting and remitting of a quarterly tax report and tax remittance



BENEFITS OF COMPLIANCE ACTIVATION

- Public notification of TOT requirements
- Increase revenue - collection of new TOT revenue (currently 12%)
- Tracking and reporting
 - Number of short-term rental listings in Menlo Park
 - Number of nights booked
 - Nightly rates
 - Type of units
 - Location of short-term rental listings
 - Transition of short-term rentals to longer term (30+ days)
 - *Corporate leases*



COMPLIANCE SERVICES

- Service options
 - Address identification
 - Outreach
 - Registration
 - Rental activity monitoring
 - Auditing (TOT remittance)
 - Report generation
- Cost / Revenue / Performance
 - First year contract \$25-35k
 - Annual contract \$20k-25k
 - Potential revenue: to be determined
 - 90% compliance in first year, sustained in following years



USE OF NEW TOT REVENUE

- TOT is general fund revenue so may be used to support City services or activities as City Council directs
- Housing Commission recommended all new short-term rental TOT revenue be allocated for affordable housing activities and programs
- Other options might include:
 - Recommend a percentage be allocated to affordable housing activities/programs
 - Reimburse general fund for initial compliance contract expense
 - Budget and pay for annual compliance services contract



PROPOSED ACTIONS

Staff recommends the City Council:

1. Appropriate \$35,000 from the general fund unassigned fund balance for fiscal year 2020-21 for a short-term rental compliance contract to activate enforcement of municipal code for transient occupancy tax collection for short-term rentals, and
2. Consider new transient occupancy tax revenue derived from short-term rentals be allocated to affordable housing activities and programs, reimbursement of general fund for compliance contract or other uses as City Council directs



NEXT STEPS

- If approved by City Council:
 - Select vendor and execute contract for compliance services
- Review zoning code definitions and amend as necessary
 - Current definition of “hotel” includes homes and apartments, which is inconsistent with the zoning code
- Review data and return to Housing Commission and City Council
 - Periodic updates (initially at 6 month intervals)
- Gather more information on corporate leases



QUESTIONS