

Subject: PAN Supports the Business Registry

September 9, 2018

Dear City Council Members and Staff:

Neighborhood leaders at this month's PAN (Palo Alto Neighborhoods) meeting voted unanimously to urge the City to improve its Business Registry. With parking and traffic issues continuing to plague Palo Alto, we believe that the registry is an extremely valuable tool. If managed properly, it will provide important information unavailable through other sources, including:

- how to better tune parking requirements by type, size, and location of business
- insight into traffic demand, again by type, size, and location of business
- displacement of community-serving businesses

The above all have a vital impact on Palo Alto and the daily lives of our residents. Providing better registry data to the City Council, Planning and Transportation Commission, the press, and the public must therefore be a priority. The registry errors pointed out in an April 23, 2016 Palo Alto Weekly article (<https://palooaltonline.com/news/2016/04/23/errors-undermine-data-in-palo-altos-new-business-registry>), including that major businesses such as Safeway and McDonald's had failed to register, emerged precisely because the press and public were actively trying to use the registry.

The Business Registry Audit offers many good points about how to improve the quality of the Business Registry and thus its value to city staff and the public. We offer additional suggestions below.

Thank you,

Sheri Furman and Rebecca Sanders

PAN Co-Chairs

Data Accuracy

The Audit is correct that staff did not have a process to validate the accuracy and completeness of the registry data it collected. We agree with the audit recommendations and City response for:

- System settings to prevent errors or inconsistencies in data entry and formatting [page 15]
- Use of data analytic software to identify and correct unreliable data [page 15]
- Providing each business with a unique account [page 15]
- Comparing business registry records to other city database of businesses [page 16]
- In-person observation of businesses, although we note that a less-expensive approach in some cases is to use online resources, which often provide employee counts and business descriptions [page 16]
- Updating the Business Registry administrative manual with contact information [page 16] and data reliability steps [page 16], such as for periodic testing of a sample of records
- Merging with the Downtown Business Improvement District record collection [page 18]
- Possibly discussing the registry with external stakeholders [page 20], **although we believe this should be mandatory and must include residents actively investigating spillover traffic and parking.**

As to the recommendation on page 16 to identify key City stakeholders to help clarify existing and potential uses and priorities for business registry data, we would add that preparing reports on average company density by business type and permits purchased for review by the Planning and Transportation Commission would give that commission and the public the opportunity to review how well the Business Registry is achieving some of its top priorities. Such a review would no doubt yield valuable feedback for further quality and compliance improvements. **We also do not see why this can't be done before June 30, 2019 [page 20].**

We have further suggestions for improving the data quality:

- Including contractual requirements for data quality in future years (we note the audit on page 16 says, the contract does not specify what comparable data MuniServices should use to verify the accuracy of the business registry or the frequency for making such comparisons)

- Spot-checking data continuously and contacting businesses with likely errors, as well as incremental improvements in the system to reduce such errors in the future
- Correlating data with parking permit issuance
- Sorting data by fields such as number of employees, square footage, parking provided onsite, and permits issued to look for extreme values
- Sorting data by employer to look for duplicate entries
- Providing a contact person for data quality for when users or other members of the public notice problems
- Linking data to other city permit issuances and utility service, to better assure correctness and compliance (more on this below)
- Periodically publishing the data quality testing plan and error types found and fixed, along with general statistics about the registry
- Providing a real-time connection to the data through the city's Open Data site so that others can more easily access and use the information collected – this connection could automatically convert employee counts into ranges and hide confidential fields
- Showing businesses their past data when entering information so as to improve consistency and accuracy, while possibly saving them time as well and reducing duplicate entries

It is unfortunate that the audit did not look [page 10] at the data quality currently being collected under the new contract. Even a sample of a few dozen entries could help spot many problems. The city website at https://www.cityofpaloalto.org/business/business_registry/default.asp says that renewal letters from the City went out in February 2018 and a third from MuniServices went out in March 2018. If MuniServices has been collecting data since February 2018, it is unclear why an audit released in September of 2018 could not examine that data.

Data Linking

The audit has a short mention on page 17 of the importance of linking commercial and residential area parking permit issuance to the Business Registry. Rather than simply sharing information for data checking off-line, as the audit recommends, we urge active linkages. For example, commercial and residential area parking permit issuance systems should not allow a business and its employees to receive more permits than are claimed in its Business Registry entry. Similarly, Use and Occupancy permits should not be issued for more square footage than claimed in the Business Registry. These linkages will motivate businesses to ensure that their Business Registry entries exist and remain up-to-date.

Budgeting

The audit did not examine whether the \$85,000 cost of a two-year contract with MuniServices LLC [page 10] is sufficient to ensure accurate testing and quality control. Does the contract specify levels of quality controls and reporting? Also, the audit does not mention that it is customary to ensure quality by having a separate party provide independent data checking rather than to rely on the provider of the collection service.

The audit does not address what other cities pay to operate similar registries. A comparison to cities that have registries with high-quality data and how they achieve that would have been very helpful.

Inclusiveness

The exemption of small (fewer than one full-time employee) businesses and non-profits and religious organizations with no ancillary business operations onsite (per https://www.cityofpaloalto.org/business/business_registry/default.asp) seems fine. Home-based businesses should be exempt if they have no employees, customers, or deliveries that come to the residence, since they then have negligible impact on parking or traffic. For that reason, we do not agree with the audit statement [page 15] that, "To provide reliable and useful information, the registry should include all Palo Alto businesses and their addresses, even if some are exempt from paying a registry fee." In fact, it seems a poor use of effort to include businesses that have no impact on parking, traffic, and displacement of community-serving entities.

Compliance

Fees charged to companies that do not participate in the Business Registry should be raised to more than the current nuisance level. The common perception is that the penalty is no more than the fee to register, making compliance moot, and that failing to register does not hamper a company in any way.

Oversight

We hope that city councilmembers and incoming city managers will voice strong support to improve the Business Registry, as well as the larger process of using registry and other data to better inform city planning. Such support will help encourage staff and contractors to ensure the Registry improves in quality and usefulness. We note that almost two-and-a-half years have transpired from the 2016 Palo Alto Weekly exposing major problems with the Business Registry until this audit emerged, and yet we still await evidence that the problems have been fixed. We encourage the Policy and Services Committee to review the audit and proposed solutions fully now and again after the first six month staff review.