

Special Meeting
March 14, 2007

The City Council of the City of Palo Alto met on this date in the Council Chambers at 7:03 p.m.

Present: Barton, Beecham, Cordell, Drekmeier, Kishimoto, Klein, Kleinberg, Morton (arrived at 7:15 p.m.), Mossar

ORAL COMMUNICATIONS

Bill Stempel, 1560 Dana Avenue, spoke regarding mediation week March 18, 2007.

UNFINISHED BUSINESS

1. Service Reductions to Address the \$3 Million Challenge

City Manager Frank Benest stated this would not be a budget hearing. The Finance Committee had scheduled eight budget hearings for the month of May ending with a City Council hearing to adopt the budget on June 11, 2007. Since 2001-02, staff had cut \$20 million from operations including 70 General Fund full time positions. Council had requested a \$3 million General Fund increase for existing infrastructure per year. One of the challenges would be that repairs were more extensive than originally estimated, increased costs to upgrade facilities, and escalated construction costs. The Council requested a few large program cuts rather than numerous smaller program cuts. Each department reviewed its discretionary programs and essential programs and made recommendations, as follows:

Administrative Services: Recommendations made regarding the warehouse and not filling the Senior Financial Analyst position in Real Estate and Treasury.

City Attorney: **Does not** recommend outsourcing the claims investigations.

City Manager: Economic Development had been transferred to Planning and it was recommended to freeze the Public Communications Manager position.

Community Services: Recommended outsourcing the park maintenance. It was recommended the schools' field maintenance return to the original 50 percent cost recovery level and to eliminate the position of Manager, Parks and Golf.

Fire: Recommended to shift the Hazmat Response Program to County Fire and local mutual aid programs.

Planning and Community Development: Recommended to spread the Comprehensive Plan review from two to four years, which would save \$300,000 per year.

Public Works: Recommended savings of \$250,000 by eliminating the non-emergency sidewalk repairs not caused by City trees. It was recommended to return to the 10-year tree trimming schedule, which would save \$100,000.

Beth Bunnenberg, 2351 Ramona Street, recommended retaining the Historic Preservation Planner and the Planning Arborist.

Karen Frankel, 830 Santa Fe, Stanford, stated her appreciation for the Council and City staff support for the Public Art Commission.

Paul George stated his concern for contracting out the park maintenance.

Albert Carlson, SEIU Staff, recommended the employees and the public be better informed in a timely manner prior to making a decision.

Eli Serumanlani, City Employee (Parks), stated outsourcing the park maintenance endangered the disadvantaged persons who frequent the areas.

Gus Ibarra, City Employee (Parks), urged the Council to keep the revolving door of contract workers out of Palo Alto.

Miguel Chacon, City Employee (Parks), stated City workers were held to a higher standard, which would be threatened by outsourcing to a group not held to any standard.

Karen Richens, City Employee, stated the cost to contract out the park maintenance would be higher than the existing cost for the employees.

Susan Caudill, City Employee, Public Works Department, stated contracting out City services would compromise the City commitment to social equity.

Phil Plymale, City Employee, opposed contracting City work to outside contractors.

Robert Moss, 4010 Orme Street, recommended the City implement a business license tax to increase income.

Heiri Schuppisser, 206 California Avenue, requested the continued financial support to HSRAP.

Herb Borock, P.O. Box 632, stated the City Charter delineated the City Manager was to propose the budget. He suggested the Council give non-binding, individual comments with no vote on the recommendations presented.

Eileen Richardson, 773 E. Meadow Drive, stated her appreciation for the support given to the Downtown Street Team program to eliminate panhandling in Palo Alto.

Victor Ojakian, 526 Addison Avenue, requested the Council review the hardships caused by the depletion of HSRAP funding.

Mr. Benest said he wanted to clarify a few statements brought up during the comments. It was not recommended to eliminate either Arborist position and there was an RFP issued for exploration of cost savings on park maintenance. The management audit suggested the exploration of restructuring and increased span of control where appropriate. The City did not suggest the elimination of hazmat response; it was suggested to respond through mutual aide.

Mayor Kishimoto stated the motion would be to express preliminary support.

City Attorney Gary Baum stated the Charter required the City Manager to prepare an annual budget with estimates from the Department Heads. The Council may suggest recommendations to the City Manager regarding the 2007-09 Annual Budget preparation.

Mr. Benest stated the Council requested an additional \$3 million be added to the budget, which made budget preparation difficult. The recommendations presented to the Council are for support for the proposed expense reductions and revenue increases.

Council Member Kleinberg asked whether the Council would vote on the recommendations presented.

Mr. Baum stated the motion would be made as a suggestion to the City Manager from the Council.

Council Member Kleinberg asked whether the vote committed the Council to the proposed budget.

Mr. Baum stated no. The Council's vote was to approve the suggested recommendations for the City Manager's proposed budget.

Council Member Barton asked whether the Council was required to take action on this matter.

Mr. Baum stated there was no requirement for action at this stage of the budget discussions.

Council Member Barton inquired if Council could make comments to the City Manager on the proposed budget recommendations in lieu of making a motion.

Mr. Baum stated it would be appropriate.

Mayor Kishimoto welcomed suggestions from the Council on the proposed budget.

Council Member Mossar shared her concern with the process and noted she was not prepared to vote on the proposed budget recommendations.

Council Member Kleinberg stated she was disappointed the Memorandum of Service Reductions did not track with the Council priorities. She would not support any reductions in the Police or Fire Departments.

Council Member Mossar stated Item Nos. 1, 2, and 3 of the proposed budget discussion had potential and required further review.

Council Member Drekmeier suggested removing outsourcing for the parks maintenance. He supported the tree trimming schedule and the Comprehensive Plan review. He requested further review of the Hazmat response recommendations.

Vice Mayor Klein stated the Council requested to be involved in the entire budget process and then the consensus was the Council was involved too early. He suggested some of the HSRAP programs be combined to support each other since the City funds were being depleted.

Council Member Cordell refused to vote for any cuts to the HSRAP funds.

Council Member Barton stated the Council voted unanimously to find an additional \$3 million for infrastructure with increases in revenue and

decreases in the budget. He said the Council needed to make sacrifices in order to ask the public to make sacrifices. He would not support HSRAP cuts or contracting out park maintenance.

Council Member Beecham stated the budget process would be continued in May and details would be discussed.

Council Member Morton stated the programs funded by the City are appreciated and the public expects them. He said he would recommend that field maintenance remain with City workers.

Mayor Kishimoto recommended that HSRAP funding remain in the budget and she suggested a minor fee for the return of books to a secondary library rather than removing the book delivery service.

Vice Mayor Klein agreed with maintaining the Storekeeper position and was adamant about not eliminating the Hazmat program.

Mr. Benest did not see a conflict between the Council priorities and the \$3 million package presented. The Zoning Ordinance Update (ZOU) and Comp Plan would be spread over four years and would reduce the 2007-09 Budget by \$300,000 for each of the two-year budgets. He stated he did not recommend the Council outsource park maintenance, but recommended exploring savings through internal modifications on service delivery.

Council Member Kleinberg noted the Community Technology Alliance received \$13,000 and she asked what the funds were supporting.

Director, Cubberley Community Center and Human Services Kathy Espinoza-Howard, stated the Alliance supplies telephone and voice mail service for the un-housed residents of the City.

Council Member Kleinberg asked the possible timeframe for an increase and implementation of the Transient Occupancy Tax (TOT).

Mr. Benest stated it was proposed for November 2007.

City Clerk Donna Rogers stated there were election deadlines and the package was required to be completed for County review by the middle of July 2007.

Council Member Kleinberg requested the budget discussion display a deliverable rather than a person or position.

Mr. Benest stated he anticipated the Finance Committee would receive the proposed Budget document prior to the April 10, 2007, meeting. The \$3

million package would be presented with the Council suggestions. There would be eight budget hearings prior to Council adoption on June 11, 2007.

COUNCIL COMMENTS, ANNOUNCEMENTS, AND REPORTS FROM CONFERENCES

Vice Mayor Klein stated he recently attended the National League of Cities Conference in Washington, DC. He attended multiple sessions regarding the budget and environmental matters such as, global warming and climate control.

Council Member Mossar said she also attended the National League of Cities meeting in Washington, DC. The Energy, Environment and Natural Resources (EENR) Committee was charged to make a recommendation to the Board of the National League of Cities to become a more sustainable organization.

Council Member Kleinberg mentioned various meetings open to the public for environmental and cultural awareness throughout the City of Palo Alto.

FINAL ADJOURNMENT: The meeting adjourned at 9:15 p.m.