

**Presentations for the
April 20, 2020
City Council Meeting**

COUNCIL MEETING

04/20/2020

Received Before Meeting

1

CITY RESPONSE TO CORONAVIRUS: Keeping Palo Alto Safe and Informed

April 20, 2020

www.cityofpaloalto.org/coronavirus

CORONAVIRUS PUBLIC SAFETY RESPONSE



- Continuing to maintain essential services and ensure the safety of our workforce
- Redeployed city employees now working remotely and new priorities
- City leadership continues to evolve plans and protocols based on various Coronavirus impact scenarios and County Shelter in Place Order restrictions
- Looking forward to lifting of Shelter in Place restrictions to support community recovery
- Tracking City's fiscal situation in light of this extended emergency period, Council budget deliberations scheduled for May and June

EMERGENCY OPERATIONS UPDATE



- Emergency Operations Center activation continues
- Citizen Corps Council is activated
- Continue to encourage the community to stay safe and continue Shelter in Place Order
 - Staying home is saving lives
 - Coronavirus cases continue to increase, though indications are showing positive results
- Hospitals are planning for impacts

ADDITIONAL BUSINESS SUPPORT EVALUATION UNDERWAY



Concurrent Efforts:

- Small Business Financial Support
- Build Recovery Strategy

Small Business Financial Support

- Establishing Matched Loan Model and Beginning Fundraising
- Set Allocation Criteria with feedback from Business Roundtable

Build Recovery Strategy

- Facilitate Business Roundtable Input
- Organize and Prioritize City and Community Actions
- Quickly Pilot Implementation

BUILD RECOVERY STRATEGY



- 3 - 4 Business Roundtables of up to 20 participants over next 2 - 3 weeks
- Hear directly from businesses:
 - Depth and complexities of challenges they're facing
 - What would be most helpful to them
- Consult a diverse range of businesses (sector, neighborhood, size, longevity, etc.)
- Develop actionable plans
 - Support appropriate from the City
 - Initiatives within the business community
- Facilitation by Peter Coughlan of Saltus Consulting
- Council represented by Ad Hoc Committee Members

SMALL BUSINESS FINANCIAL SUPPORT

- *Common funding criteria:* Brick and mortar, no more than 25-50 employees, demonstrated loss due to COVID-19, deemed non-essential; some exclude non-profits
- *Increasing the pool:* Many cities are working with nonprofit partners to gather donations. Some cities (Oakland, San Jose, San Francisco) are actively supporting donation efforts; it's unclear if they are also providing funding.

City	Support Type	City's Appropriation
Mountain View	Loans	\$400,000
Santa Clara	Grants	\$500,000
Berkeley	Grants	\$1 million
Hayward	Grants	\$380,000
Sacramento	Loans	\$1 million
Modesto	Loans	\$250,000

BUSINESS FINANCIAL SUPPORT CONCEPTS



- \$500,000 in one-time, General Fund dollars
- Seed money or matching other donors
- Design with input from Roundtable participants

Potential Decision Points

- Businesses only or businesses and nonprofits
- Administered through third party as grants or loans
- Eligibility criteria:
 - Size: <25 employees or <50 employees
 - Revenue cap
 - Tenure in Palo Alto
- Amount per business: \$5,000 or \$10,000
- Permissible uses: payroll, rent and/or other

CURRENT BUSINESS SUPPORT & ASSISTANCE



- Call center and online business assistance center for information and referral
- City advertising through local newspapers and online to support local businesses
- Increased police presence in commercial districts and at Stanford Mall
- Suspended parking enforcement and business district/registry fees
- Suspended utility shutoffs and extended payment plans
- Easing online application process for building permits
- Countywide commercial eviction protections
- Rent deferral for Cubberley tenants

GOVERNOR'S SIX CRITICAL INDICATORS TO MODIFYING SHELTER IN PLACE



California's six indicators for modifying the stay-at-home order are:

1. The ability to monitor and protect our communities through testing, contact tracing, isolating, and supporting those who are positive or exposed
2. The ability to prevent infection in people who are at risk for more severe COVID-19
3. The ability of the hospital and health systems to handle surges
4. The ability to develop therapeutics to meet the demand
5. The ability for businesses, schools, and child care facilities to support physical distancing
6. The ability to determine when to reinstitute certain measures, such as the stay-at-home orders, if necessary



**Slow the spread of this virus
Stay Home: this will save lives.**



**Stay connected: check on neighbors,
volunteer**



Be Kind: We are in this together



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2

FY 2020-2021 PROPOSED OPERATING AND CAPITAL BUDGETS

April 20, 2020

www.cityofpaloalto.org/budget

OVERVIEW

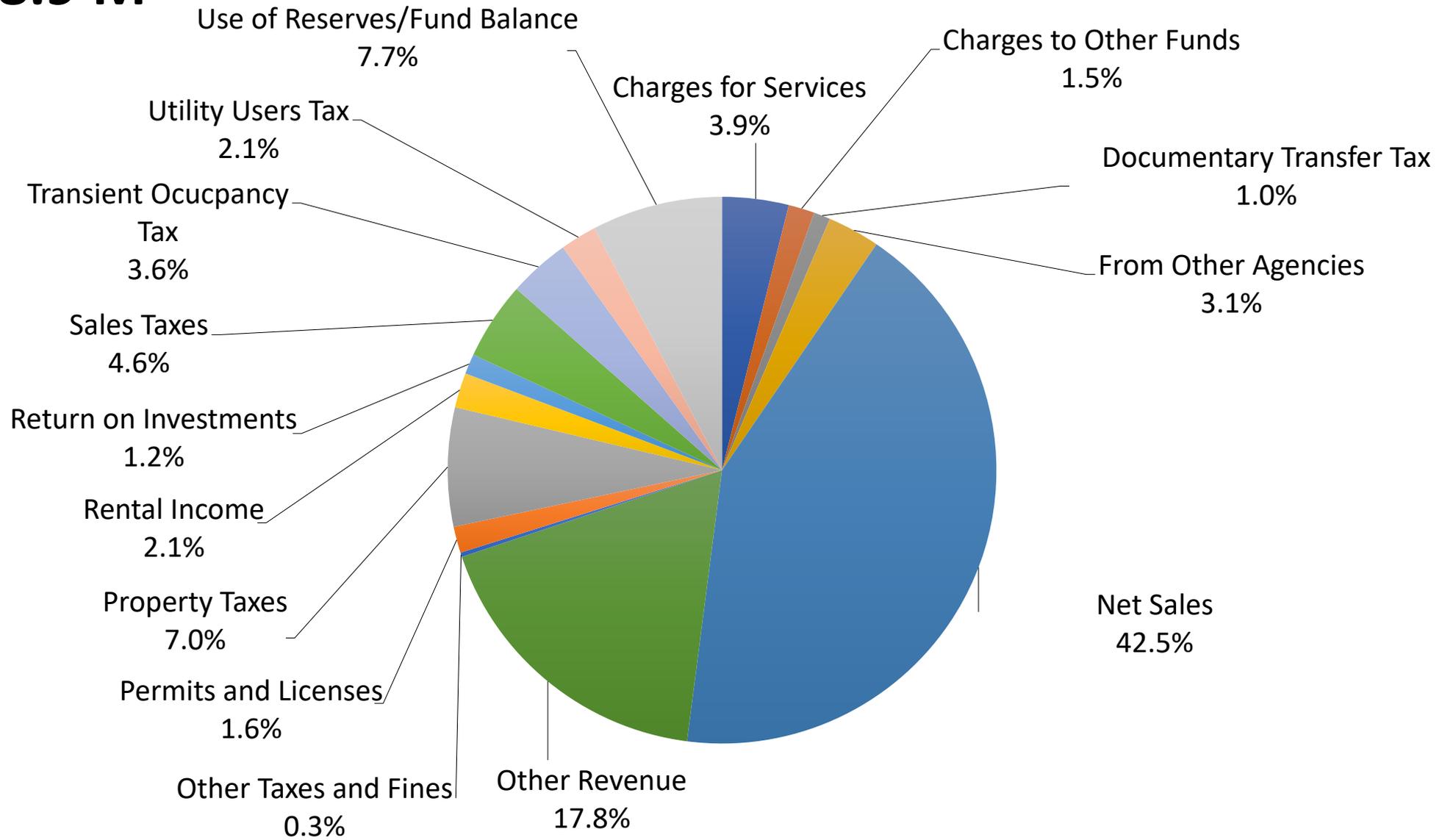


- Unprecedented time in our City's history
- City Manager releases proposed budgets every April in accordance to the City's Charter
 - Proposed Operating Budget
 - Proposed Capital Budget along with a five-year Capital Improvement Plan
- Baseline budgets reflect FY 2020-2021 estimates prior to the public health emergency, and serve as a benchmark from which to continue conversations in May and June
- Proposed budget release starts intensive two-month process ahead

FY 2021 PROPOSED BUDGET SOURCES OF FUNDS

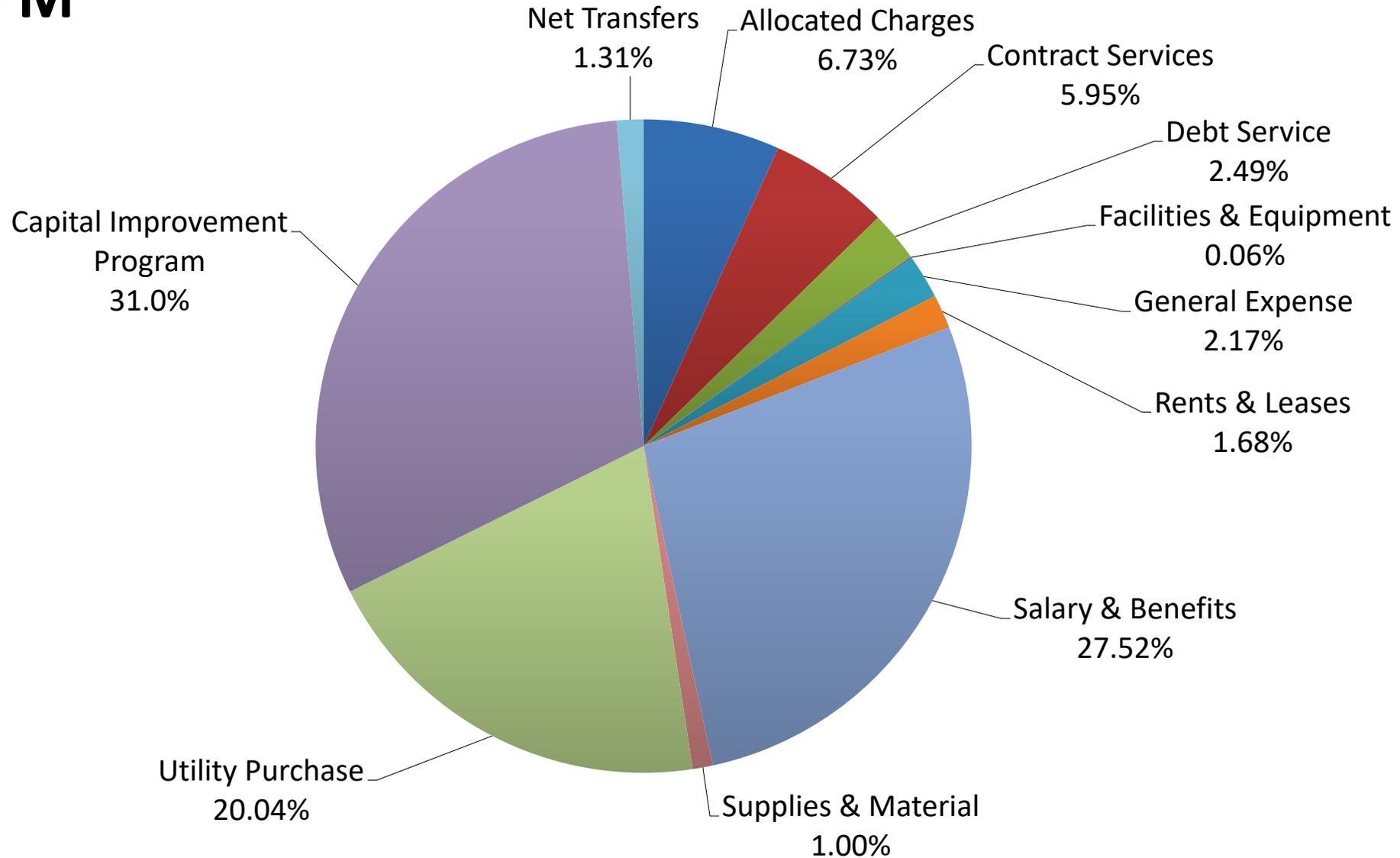


\$818.9 M



FY 2021 PROPOSED BUDGET USES OF FUNDS

\$818.9 M



FY 2020-2021 PROPOSED BASELINE BUDGETS

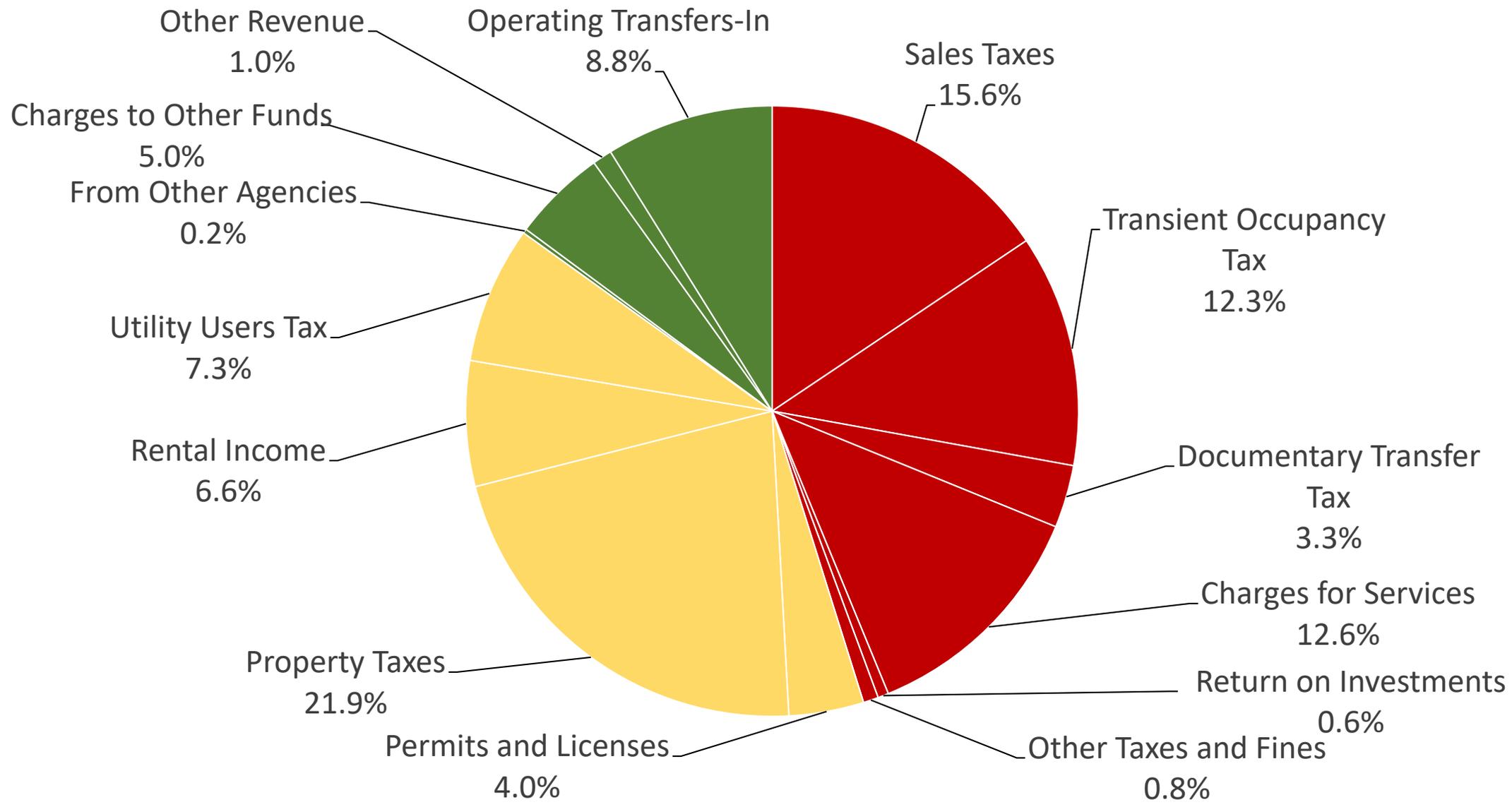


New budget approaches to contain and reduce costs are necessary to bridge the gap created by a steep economic downturn and support our recovery

- Estimating \$20 million impact to current FY 2019-2020 General Fund budget
- Anticipating \$20-30 million impact to FY 2020-2021 General Fund Operating Budget (reflects scenario A & B only)
 - *Scenario A:* Disaster recovery (such as flood, fire, earthquake)
 - *Scenario B:* Shelter in-Place through this spring, followed by an economic recession
 - *Scenario C:* Phased shelter in-place through winter, followed by an economic recession

NEW!

FY 2021 GENERAL FUND SOURCES \$241.5 M



FY 2020-2021 PROPOSED BASELINE BUDGETS

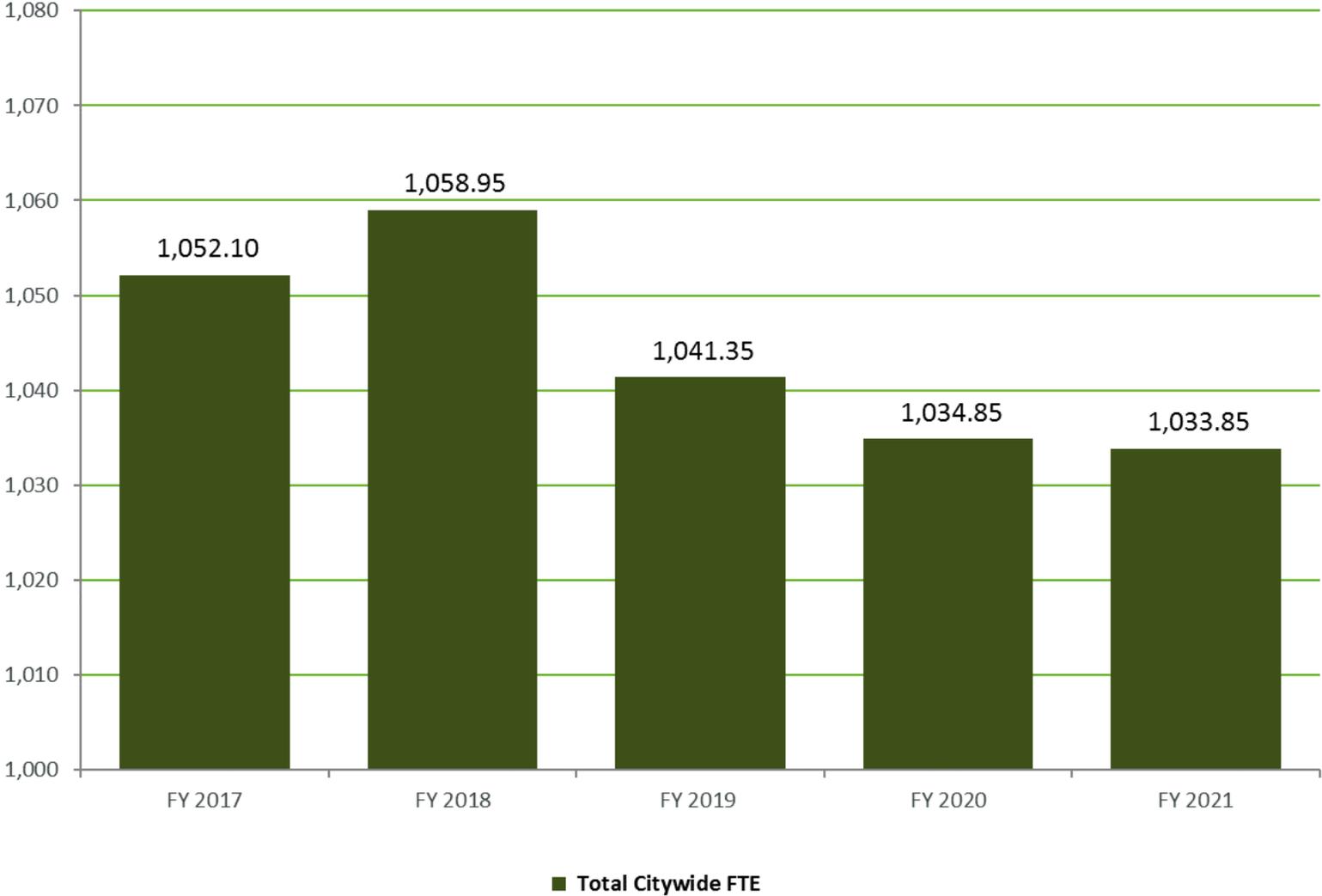


- Council adopted budget principles continue to guide our work.
- Recommending Budget and Fiscal Recovery Priorities to help guide our work and evolve through these uncertain times.
 1. Support economic recovery through changes to our policies and programs
 2. Focus on resiliency over the long term while making service reductions and changes, ensuring that any services eliminated can be restored in future years
 3. Seek new ways to conduct our work through efficiencies and a learning environment
 4. Apply a broad-based approach to reductions, balancing impacts to the community
 5. Use temporary solutions to bridge revenue losses expected in the short term

HISTORICAL FULL-TIME STAFFING COMPARISON



5 Year Trend - Total Citywide FTE Positions



FY 2020-2021 PROPOSED OPERATING BUDGET



- Reflects the current service levels approved by the City Council with revenue projections prior to the COVID-19 emergency
- As a balanced budget, the assumptions continue to follow conservative proactive fiscal management across all funds
 - Follow Council adopted Budget Principles
- In addition, the FY 2020 Adopted Budget and the FY 2021 Proposed Budget continues reductions previously approved by the City Council

FY 2020-2021 PROPOSED CAPITAL BUDGET



The City will continue to maintain services and facilities for the community and the region, such as Utilities, Palo Alto Airport, and Wastewater Collection and Treatment Plant

- Staff is working to explore suspension of rate changes and other budget items reflecting our current public health emergency and economic environment
- A total of \$96.4 million will be allocated towards the capital program for the Enterprise Funds
- A prioritization of investments will be necessary with the expected reduction in Transient Occupancy Tax receipts and potential reductions in General Fund contributions

BUDGET PROCESS AND TIMELINE

April 20-Proposed Budget Transmittal to Council

Finance Committee to review Waste Water, Stormwater rates

Business Financial Support Development

Recovery Strategy Development

APRIL

City Council FY 2021 Budget Adoption, FY 2021 Municipal Fees & Charges Adoption, various FY 20201 Utility Rates Adoption

Business Financial Support Plan Council Consideration

Recovery Strategy Council Consideration and Implementation

JUNE

Finance Committee to review Water, Electric and Gas rates

Committee/Commission review as needed (E.g. PTC, Storm Drain Oversight)

City Council FY 2021 Budget Hearings & Deliberations: May 11, May 12/13, May 26

Roundtables / Business Support Development

MAY

JULY/BEYOND

FY 2021 Budget Implementation

Recovery Strategy Implementation

www.cityofpaloalto.org/budget

NEXT STEPS

- Continue to maintain essential city services and our public safety response
- Continue business support efforts
- Continue to develop our recovery strategy
- Return with budget modifications in May and June
 - Discuss and choose which scenario to balance the budget with (May 11th)
 - Review the implications of proposed impacts and ground up prioritization (May 12th/13th)
 - Budget final balancing strategy (May 26th)
 - Budget Adoption (June 22nd)

(all dates are tentative)



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