



CITY COUNCIL SUMMARY MINUTES

Special Meeting
May 17, 2021

The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:01 P.M.

Participating Remotely: Burt, Cormack, DuBois, Filseth, Kou, Stone, Tanaka

Absent:

Special Orders of the Day

1. Presentation by La Comida.

Bill Blodgett, La Comida, reported La Comida supported the nutritional and social needs of seniors. La Comida was the largest of 39 senior nutrition sites in Santa Clara County and the only communal dining program for seniors in Palo Alto. A donation of \$3.00 per meal was suggested but not required. More than 800 seniors, 59 percent of whom were aged 75 and up and 47% of whom were low income, participated in the program, and 81 percent of meals were served to Palo Alto residents. La Comida was going to serve about 75,000 meals in 2021, and approximately 75 percent of diners lived in the Downtown and northern Palo Alto area. La Comida received funding from State and Federal sources through the County of Santa Clara (County). Palo Alto's Human Services Resource Allocation Process (HSRAP) provided 6.5 percent of La Comida's funding. During the pandemic, the number of take-away meals grew by 75 percent to 310 meals per day, and recently the number of meals grew to 340 per day. La Comida added two distribution sites during the pandemic. La Comida was losing its Downtown location on May 31, 2021, and was not able to secure a replacement location. Without a Downtown location, nutritional risk and increased isolation was going to be greater problems for a major portion of seniors served by La Comida. Most northern Palo Alto seniors were not able to travel to Stevenson House, and Stevenson House was not able to accommodate an increased volume of diners. Relocating La Comida to the Avenidas Building benefited seniors. The County was going to allow congregate dining to resume 30 days after reaching the yellow tier. He requested a meeting with the City to discuss assistance with a new location.

Mayor DuBois suggested Mr. Blodgett email the Council with his contact information.

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NO ACTION TAKEN

Study Session

2. Presentation by Polco/NRC of the City of Palo Alto Community Survey Report Results.

Chantal Cotton Gains, Deputy City Manager, reported the purpose of the survey was to obtain feedback from a wider spectrum of the Palo Alto community regarding City services. Some survey results were likely linked to the pandemic. Because some communities chose not to conduct a survey in 2020, a five-year average of results was utilized for benchmarks.

Jade Arocha, Polco, advised that a survey with an option to complete the survey online was mailed to 1,800 households, and 1,800 households received two invitations to complete the survey online only. Seven hundred sixty-eight or 22 percent of surveys were completed, and 530 of the 768 surveys were completed online. The survey was customized to provide specific information for the City. In comparison to national benchmarks, 71 items were rated similar, 19 higher, and 7 lower. A comparison of 2021 ratings to 2018 ratings found 87 items with similar ratings, 28 with higher ratings, and 21 with lower ratings. Key findings were residents continued to rate the community positively; the local economy garnered strong ratings, but affordability was an issue; attitudes toward alternative transportation shifted more positively in recent years; ratings for some utility-related aspects improved since 2018; and educational opportunities for children and adults were a community asset. The rating for the City as a place to retire was higher than in 2018 and higher than the national average. The overall quality of business and service establishments and the variety of business and service establishments were new ratings. The rating for variety of business and service establishments was similar to the national average. Ratings for cost of living, availability of affordable quality housing, and variety of housing options were lower than national averages. Housing was mentioned most often as making residents happier. Ratings for street cleaning and ease of walking and biking were higher than national averages. National ratings for traffic issues were higher in 2020 and 2021 due to the pandemic limiting vehicle travel. The rating for use of public transportation in the past 12 months was higher than the national average. Ratings for walking and biking as convenient modes of transportation and plans to purchase electric cars in the next two years were higher in 2021 than in 2018. At least eight of ten respondents rated utility services positively with ratings for drinking water and utility payment options higher than national averages. Ratings for K-12 education and adult educational opportunities were higher than national averages. Four in ten respondents rated the

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availability of affordable quality childcare positively, which was similar to the national average. Ratings for use of Palo Alto recreation centers and libraries, attendance at a City-sponsored event, and volunteer activities decreased likely due to closures caused by the pandemic. The rating for virtual attendance of public meetings increased 18 percent over the 2018 rating. The 2021 rating for animal control was higher than the 2018 rating and national averages. Ratings for police services and crime prevention were lower than 2018 ratings but similar to national averages. Survey results were beneficial for monitoring trends in resident opinion, measuring government performance, budget prioritization, and strategic planning.

Chuck Jagoda felt Palo Alto was prejudiced against affordable housing. The City needed to do more for cheaper housing.

Rebecca Eisenberg remarked that the Council was out of sync with the public. The community loved the services that the Council chose to cut. People were disappointed with the Council.

Cherrill Spencer called attention to Table 39, which provided the overall direction for government performance. People were not happy with government performance. She questioned whether male and female responses to feeling safe in Palo Alto were segregated. She hoped the Women and Girls Summit addressed female responses to the survey.

Jeremy Erman inquired regarding the cost of the survey and the use of leading questions. The survey was not worth the cost because it was not going to produce change.

Roberta Alquist commented that the Council resisted building affordable housing, cut critical services enjoyed by the community, and raised utility rates each year. The survey seemed rather expensive. The City needed to start acting on the interests of the community.

Council Member Cormack found the survey information more helpful in preparing the Budget than in setting Priorities. In general, the survey provided good news. High ratings for usage of parks, visiting with neighbors, and walking or biking were probably related to the pandemic. The number of people prepared for a disaster doubled. She inquired whether it was possible to match subgroup data with Library locations.

Gayathri Kanth, Interim Library Director, explained that the purple area of the map represented College Terrace Library, green represented Downtown Library, red represented Rinconada Library and Children's Library, and blue represented Mitchell Park Library.

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Council Member Cormack asked if there was a connection between people having a Library nearby and their rating of the Library.

Ms. Arocha reported lower usage of the College Terrace and Downtown Libraries than other Libraries.

Council Member Cormack encouraged Staff to consider sharing survey results with Boards and Commissions. The rating for connection and engagement with the community was low and an opportunity for improvement. Council Member Stone and she identified a way to improve engagement with the community.

Mayor DuBois inquired about tracking the survey sample to ensure its statistical significance.

Ms. Arocha indicated mailing the survey to random households ensured the statistical validity of the survey. The random selection of respondents was ensured by providing a postcard invitation rather than advertising on social media.

Mayor DuBois asked if data for other cities were available for comparison.

Ms. Arocha explained that Polco provided the average rating and the City's rank compared to all others. The actual average benchmark rating was proprietary and confidential. Polco was able to provide custom benchmarks.

Mayor DuBois inquired whether the data was available in a spreadsheet.

Ms. Arocha agreed to provide raw data with the caveat that it was not weighted.

Mayor DuBois wanted to conduct a survey annually with results available for the Council Retreat. Trends were helpful to setting Priorities. The community survey was the City's only scientific survey with questions that avoided bias. Self-selected surveys were not statistically representative of the community. The rating for satisfaction with affordable high-speed internet service was notably lower than the ratings for all other utilities. The perception of crime was a concern.

Council Member Stone preferred having survey results in January for Priority setting and encouraged Staff to highlight results during Budget hearings. The low rating regarding affordable housing provided clear direction for housing policies. Residents appeared to be satisfied with the ease of bicycle travel. The City needed to work harder to engage and connect with the

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community. He inquired whether declines in the quality of life ratings were consistent with other cities' ratings.

Ms. Arocha explained that a pandemic changed ratings in the immediate term but did not necessarily affect the five-year benchmark average. An analysis of data beyond five years was not available.

Ms. Cotton Gains added that Staff was able to obtain benchmark data for comparable communities in future years if the Council wished.

Council Member Stone asked if the 22 percent response rate was consistent with the response rate in other cities.

Ms. Arocha advised that response rates varied between 15 percent and 30 percent, but the City's response rate was average or slightly above average. Notably, the City's response rate increased.

Vice Mayor Burt commented that survey results informed the Council about residents' perceptions even though perceptions did not always track with objective data. He expressed interest in a comparison of survey responses with objective data and a comparison of objective data with perceptions of Palo Alto and other cities. Palo Alto residents held high expectations for the community. He inquired whether comparisons were available.

Ms. Arocha indicated Polco was able to prepare additional analyses, but the survey was not designed to provide data for detailed analysis of individual items.

Vice Mayor Burt wanted to obtain survey data as soon as possible to inform the Budget process and Priority setting.

Ms. Cotton Gains advised that the 2020 survey was delayed due to contract negotiations and the pandemic.

Council Member Filseth inquired whether the weighting algorithm changed each year.

Ms. Arocha indicated the previous weighting algorithm was utilized first and adjusted as needed. The priority was weighting survey data to Census norms rather than utilizing a previous weighting.

Council Member Filseth asked if changes in the weighting algorithm that skewed trend data over time was a concern.

Ms. Arocha replied no.

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Council Member Kou agreed with comments to conduct the survey annually and to have the results in time for Priority setting. She inquired about the use of the word "quality" in availability of affordable quality housing.

Ms. Arocha clarified that because the survey identified residents' perceptions, the items were carefully worded. Affordable housing may be available, but it may not be desirable as a living space. The item specified affordable housing that was desirable.

Council Member Kou remarked that the rating regarding affordability and cost of living was direction to stop up-zoning because up-zoning increased the value of land. The City needed to consider prohibiting Airbnb rentals because they removed housing for people who wanted stability and long-term rentals. Accessory dwelling units (ADU) and junior accessor dwelling units (JADU) needed to be deed-restricted to low-income households. Parking impacted the pricing of housing. The rating for quality of developments decreased to 38 percent. Perhaps Planning Staff and the Architectural Review Board (ARB) needed to understand what the community wanted. Transportation was a big problem. The rating for Palo Alto as a place to visit suggested Palo Alto needed to invest in an economic development person. The rating for overall built environment was higher mostly because residents were engaged in the development of the over-built community. The feeling of safety was important, and the Council needed to reconsider Budget reductions for Public Safety. Engaging the community had to be intentional.

Council Member Tanaka inquired regarding the amount of time needed to complete the survey.

Ms. Arocha answered approximately 20 minutes for a paper survey. A time was not established for the online survey.

Council Member Tanaka requested the total number of questions.

Ms. Arocha replied 18 main questions but 140 to 150 individual items. Polco strongly discouraged clients from exceeding five pages of questions to prevent survey fatigue.

Council Member Tanaka inquired about ways to measure respondents scoring later items lower because of survey fatigue.

Ms. Cotton Gains reported Staff reevaluated the questions in 2020 to determine if some questions needed to be eliminated. The Policy and Services Committee (P&S) decided to retain almost all questions.

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Ms. Arocha advised that respondents completed all or none of the survey questions. Typically, open-ended questions received fewer responses.

Council Member Tanaka agreed with the trend for shorter but more frequent surveys. He inquired regarding possible reasons for the survey not reflecting the decrease in residential rents.

Ms. Arocha suggested respondents' long-term general assessment of housing affordability was the reason.

Council Member Tanaka wondered about a possible bias in terms of homeowners versus renters. The ratings for utilities did not reflect concern about recent power outages. The lower rating for crime prevention reflected the community's concern about crime. He requested Polco provide raw survey data in CVS format for the Council and community.

Ms. Arocha agreed to do so.

Ms. Cotton Gains advised that the proposed budget contained an item to conduct the survey biennially.

NO ACTION TAKEN

Agenda Changes, Additions and Deletions

Mayor DuBois announced Agenda Item Number 12, "Closed Session - Conference With Labor Negotiators ..." was removed from the agenda and going to be heard at a later date.

Ed Shikada reported Staff issued additional documents regarding the Study Session and Agenda Item Number 11.

Oral Communications

Rich Greene, speaking for Winter Dellenbach, Carol Kiparski, Lanie Wheeler, Laura Bajuk, Susan Beall, and Andie Reed, remarked that the Roth Building was important in the City's history. The Palo Alto History Museum (PAHM) requested a partnership with the City to rehabilitate the building because PAHM provided many benefits. He suggested the use of Community Center and Parks and Recreation Impact Fees and Stanford University Medical Center (SUMC) Development Agreement funds as a way to fund the Roth Building rehabilitation without impacting the General Fund or other City projects. PAHM held an active building permit for the Roth Building. The funding gap was approximately \$4 million.

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Mark Shull expressed concern regarding San Francisco International Airport's (SFO) implementation of the Ground-Based Augmentation System (GBAS) creating additional aircraft noise over Palo Alto.

Mark Mollineaux remarked on his exposing flaws in the Embarcadero Institute's housing study via Twitter.

Jonathan Erman supported live, outdoor performances over the summer and suggested performances of opera and plays.

Lydia Callaghan requested the Council restore funding for Palo Alto Children's Theatre

Tsachy Weissman advised that the collaboration between the Science, Technology, Engineering and Math (STEM) Summer Internship Program and the Palo Alto Children's Theatre resulted in local students being admitted to top colleges. Supporting Palo Alto Children's Theatre was an investment in the health and vitality of the community.

Jeremy Erman objected to the Council limiting the time for public comment and suggested the Council limit its comments and Staff presentations. The at-places memorandum regarding wage increases was incorrect.

Rebecca Eisenberg requested the Council update the community regarding the recent fuel spill in Matadero Creek. The City Manager misrepresented the payment due Palo Alto utility ratepayers.

Veronica Saleh noted benefits that the Palo Alto Children's Theatre provided children and requested the Council fund Palo Alto Children's Theatre programming.

Esther Nigenda, Save Palo Alto's Groundwater, commented on the effects of dewatering and suggested the City prohibit dewatering during drought and utilize a sustainable amount of groundwater to irrigate City trees.

Olivia Braham supported Palo Alto Children's Theatre.

Minutes Approval

3. Approval of Action Minutes for the April 26 and May 3, 2021 City Council Meetings.

MOTION: Council Member Kou moved, seconded by Vice Mayor Burt to approve the Action Minutes for the April 26 and May 3, 2021 City Council Meetings.

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MOTION PASSED: 7-0

Consent Calendar

Council Member Tanaka registered no votes on Agenda Item Numbers 5 and 8.

Rebecca Eisenberg, addressing Agenda Item Number 7, felt waiving business fees at this time was wrong.

Jeremy Erman, addressing Agenda Item Number 8, questioned the budget taking effect upon Council approval rather than following a second reading and 30-day period.

MOTION: Mayor DuBois moved, seconded by Council Member Cormack to approve Agenda Item Numbers 4-8.

4. Approval of Amendment Number 4 to Contract Number C18172676 With Dixon Resources to Extend the Term to June 2022 With no Additional Costs for the Downtown Parking Study.
5. Approval of a Professional Services Agreement With CAD Masters, Inc. for Ongoing Support, Maintenance, Development, and Enhancement of the Geospatial Design and Asset Management System for the Utilities Department in an Amount of \$390,000 per Year, for a Total Not-to-Exceed Amount of \$1,950,000 for up to Five Years.
6. Resolution 9955 Entitled, "Resolution of the Council of the City of Palo Alto Making Required Findings in Support of the City's Grant Application for the State Transportation Development Act Article 3 Funds to Update the City's Bicycle and Pedestrian Transportation Plan."
7. Adoption of a: 1) Resolution 9956 Entitled, "Resolution of the Council of the City of Palo Alto Waiving the Business Registration Fee for Fiscal Year 2022, if Completed on Time, and Extending the due Date to July 15, 2021"; 2) Resolution 9957 Entitled, "Resolution of the Council of the City of Palo Alto Declaring an Intention to Temporarily Suspend the Levy of Assessment Against Businesses Within the Downtown Business Improvement District (BID) for Fiscal Year 2022, and Setting a Public Hearing on the Proposed Temporary Suspension for June 1, 2021"; and 3) Approval of the Reimbursement of any Business Registration Fees and BID Assessments Already Paid in 2021.
8. SECOND READING: Finance Committee Recommends City Council Approve Park, Community Center, and Library Development Impact

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Fee Justification Study; Adjustments to Park, Community Center, and Library Development Impact Fees; adopts Ordinance 5521 Entitled, "Ordinance of the Council of the City of Palo Alto Updating Park Land In Lieu fee; and Direct Staff to Implement the Impact Fee Updates With the Fiscal Year 2022 Budget (Continued From March 8, 2021) (FIRST READING: April 12, 2021 PASSED: 6-1 Tanaka no)."

MOTION FOR AGENDA ITEM NUMBERS 4, 6, 7 PASSED: 7-0

MOTION FOR AGENDA ITEM NUMBERS 5, 8 PASSED: 6-1 Tanaka no

Council Member Tanaka felt approval of Agenda Item Number 5 was not quite right given the reduction in City revenues and the lack of competitive bidding.

Council took a break at 7:07 P.M. and returned at 7:22 P.M.

City Manager Comments

Ed Shikada, City Manager, reported COVID-19 vaccinations were available for anyone aged 12 and over without an appointment. Santa Clara County was progressing toward the Yellow Tier. Free COVID-19 testing was available at Mitchell Park Community Center on May 21, 2021. The online survey regarding the Budget was going to close on May 21, 2021 at noon. Budget hearings continued at the Finance Committee on May 25, 2021 with Council adoption scheduled for June 21. Wellness Wednesday continued on May 19, 2021 with Introduction to Mindfulness for Teens. Winners of the May Fete Parade were 3711 Ross Road, 1680 Bryant, and 833 Hamilton. Rinconada Library was going to reopen on May 20, 2021. Race and equity events and Asian American and Pacific Islander Heritage Month celebrations were scheduled throughout May and June 2021. The Uplift Local Community Meeting was planned for May 18, 2021. Updates regarding the fuel spill were available via a dedicated webpage. The Fire Department was monitoring Matadero Creek, and clean up of the spill was underway.

Action Items

9. PUBLIC HEARING: Resolution 9958 Entitled, "Resolution of the Council of the City of Palo Alto Confirming the Weed Abatement Report and Ordering the Cost of Abatement to be a Special Assessment on the Respective Properties Described Therein."

Geo Blackshire, Fire Chief, reported the Agenda Item was an opportunity to take public comment regarding the weed abatement report.

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Public Hearing opened at 7:33 P.M.

Rebecca Eisenberg commented that subsidizing the cost of weed abatement did not benefit renters. She asked the Council to consider equity when considering subsidies.

Public Hearing closed at 7:36 P.M.

MOTION: Mayor DuBois moved, seconded by Vice Mayor Burt to adopt the Resolution confirming the weed abatement report and ordering abatement costs to be a special assessment on the properties specified in the report.

Council Member Filseth asked if Staff reviewed the property mentioned in an email from the public.

Mr. Blackshire agreed to investigate the property.

MOTION PASSED: 7-0

10. Approval of a Construction Contract With C. Overaa & Co. in the Total Amount of \$15,123,900, and Three Amendments to Existing Agreements With: 1) Stanford University, 2) East Palo Alto Sanitary District, and 3) Mountain View and Los Altos, for the Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project (WQ-14003) at the Regional Water Quality Control Plant; Resolution 9959 Entitled, "Resolution of the Council of the City of Palo Alto Revising and Superseding Resolution Number 9667, Establishing Pledged Sources of Revenue for Repayment of State Revolving Fund Loan"; and Resolution 9960 Entitled, "Resolution of the Council of the City of Palo Alto Authorizing an Installment Sale Agreement With the California State Water Resources Control Board for Financing the Design and Construction of the Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project."

Brad Eggleston, Public Works Director, reported the project was budgeted through the Capital Improvement Program (CIP), and the contract was presented to the Council for approval due to its large amount.

Jamie Allen, Water Quality Control Plan Manager, advised that the project was located at the Regional Water Quality Control Plant (RWQCP) and addressed aging infrastructure.

Rebecca Eisenberg asked the Council to at least consider the project, competitive bidding, and equity before approving it.

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Roberta Ahlquist concurred with Ms. Eisenberg's comments and asked the Council to provide transparency in its decisions.

Council Member Cormack indicated that the Finance Committee reviewed in detail the capital plan for the RWQCP on April 20, 2021. The next project for the RWQCP was going to be even more expensive. All the projects needed improvements. The project was competitively bid, and Staff proposed acceptance of the low bid.

MOTION: Council Member Cormack moved, seconded by Mayor DuBois to:

- A. Approve and authorize the City Manager or his designee to execute the contract with C. Overaa & Co., in the amount of \$13,749,000 for the Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project, funded in Wastewater Treatment Enterprise Fund Capital Improvement Program, Project WQ14003, at the Regional Water Quality Control Plant;
- B. Authorize the City Manager or his designee to execute one or more change orders to the contract with C. Overaa & Co. for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed \$1,374,900 or 10 percent of the contract amount, for a total not-to-exceed amount of \$15,123,900;
- C. Approve the adoption of a Resolution authorizing an Installment Sale Agreement with the California State Water Resource Control Board (SWRCB) in connection with the financing of the design and construction of the Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project;
- D. Approve the adoption of a Resolution revising and superseding Resolution Number 9667 establishing pledged sources of revenue for repayment of funding pursuant to the federal Clean Water Act Amendments; and
- E. Approve Amendment Number 7 to the agreement between Palo Alto and Stanford University; the Second Amended and Restated Agreement between Palo Alto and the East Palo Alto Sanitary District; and Addendum Number 10 to the agreement between Palo Alto, Mountain View, and Los Altos.

Mayor DuBois noted that the project extended the life of the RWQCP by 30 years. The City received four bids in response to its initial proposal, issued a second proposal, and received bids in lower amounts. The City paid only 38

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percent of the project cost. Regarding Agenda Item Number 9, the City did not provide a subsidy but assessed property owners for weed abatement.

Vice Mayor Burt indicated funding for the project was not taken from the General Fund, and the cost was shared among partners in the RWQCP. Funding for the project was separate from the General Fund and was not allowed to be comingled. The Finance Committee spent a great deal of time reviewing the capital plan for the RWQCP. Improvements were overdue and important for the quality of wastewater and environmental emissions.

Council Member Kou related that all the information was contained in the Staff Report. Repairs and improvements were needed.

Council Member Tanaka requested clarification of the City's 38 percent and 35 percent shares.

Mr. Allen explained that the City's share of fixed capital costs was 38.16 percent. The City's share of operating costs changed annually and was 35 percent in 2020.

Council Member Tanaka asked if the share for fixed capital costs changed based on usage.

Mr. Allen replied no.

Council Member Tanaka asked if it needed to change because it was based on usage.

Mr. Allen advised that the City wanted 38.16 percent of capacity. If the City wanted less capacity, it needed to find an entity to purchase the difference, and none of the partners was likely to purchase it.

Council Member Tanaka inquired regarding the consequences of delaying the project for a year.

Mr. Allen reported the City was likely to lose State financing and be subject to significant fines if equipment failed.

Mr. Eggleston added that loans with an interest rate of 0.9 percent were approved for the project. Moving forward with the project at this time was highly advantageous.

MOTION PASSED: 7-0

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11. Continued Discussion of the Fiscal Year 2022 Budget.

Kiely Nose, Administrative Services Director, noted the Council's Budget review on May 3, 2021, the Finance Committee's detailed reviews on May 4, 10, and 11, 2021, and a May 6, 2021 Town Hall. The Finance Committee referred seven items to the Council. Economic uncertainty continued. In February 2021, the Council directed Staff to utilize a conservative recovery scenario to build the Fiscal Year (FY) 2022 Proposed Budget. The scenario, known as Long Range Financial Forecast (LRFF) Scenario B, assumed a three- to five-year projection. Balancing the FY 2022 Budget against additional funding gaps resulted in potentially significant service impacts. The City's funding from the American Rescue Plan Act (ARPA) totaled \$13.7 million over two years.

Meghan Horrigan Taylor, Chief Communications Official, reported a summary of all Budget survey results was going to be posted to the website following the survey closing on May 21, 2021. Between May 4 and 17, 2021, the number of website visitors totaled 1,015, of which 820 responded to the survey. The respondents ranked Community and Library Services first, Public Safety second, Planning and Transportation third, and Strategic Support fourth. In the ranking for restoration of funding, Police Patrol Staffing moved from fifth to third, Crossing Guard Services moved from seventh to fifth, and investment in infrastructure catch-up and keep-up moved to seventh. Respondents ranked additional ARPA funding in Year 1 first in additional funding sources.

Ms. Nose advised that an additional at-places memorandum was provided for a Colleagues' Memo regarding actions and funding for the Palo Alto History Museum (PAHM) and Roth Building.

Christine Paras, Administrative Services Assistant Director, indicated that an at-places memorandum summarized Finance Committee actions on May 10 and 11, 2021. The online Proposed Budget was updated with all new information. Staff planned to present preliminary third quarter (Q3) General Fund results to the Council in early June 2021. Preliminary Q3 results indicated additional revenue of \$2 million to \$3.3 million and a lower-than-projected amount of Transient Occupancy Tax (TOT) revenue. Finance Committee adjustments to the Proposed Budget totaled \$961,000. The proposed funding for Teen Services included 1.21 part-time Full-Time Equivalents (FTE) and use of Think Funds. The balancing strategy proposed \$7.7 million in service and Capital Improvement Program (CIP) reductions, \$1 million from program-specific reserve funds, \$1.6 million in labor concessions, and \$3.2 in ARPA funds. The Finance Committee's strategy proposed \$2.4 in service and CIP reductions, \$1 million in program-specific

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reserve funds, \$1.6 million in labor concessions, \$6.8 million in ARPA funds, and \$2.5 million from the Budget Stabilization Reserve (BSR). After deduction of \$2.5 million, the BSR balance was going to fall to 16.6-17.4 percent of City expenses, which was below the minimum target of 18.5 percent but within the target range of 15-20 percent. The Finance Committee's strategy was one-time in nature.

Council Member Cormack explained that the table of Finance Committee adjustments reflected the addition of funding to the listed Budgets. The Finance Committee spent 14 hours reviewing the Budget, asking questions of Staff, and listening to public comment. The Finance Committee deliberately proposed reducing the BSR balance. If revenues did not grow faster than expenses in FY 2022, similar conversations were going to occur for the FY 2023 Budget. Two of the three Finance Committee Members supported a 50/50 split of ARPA funding. Due to the importance of climate action work and reliability, the Finance Committee proposed revisiting the Electric Utility rate increase. The Finance Committee's proposals assumed \$1.6 million in labor concessions.

Jonathan Erman proposed more use of reserve funds and funding from Friends groups. Admission fees to the Junior Museum & Zoo (JMZ) needed to be free for a month after opening and modest thereafter.

Jeremy Erman appreciated the Finance Committee's proposals for Community Services, Library, and Public Safety and suggested the Council expand the restoration of funding. Children's Theatre outdoor performances were appropriate and needed.

Eileen Kim noted the proposed reduction in crossing guards, the traffic volumes for certain streets, and students biking and walking new routes to school.

Angela Evans thanked the Finance Committee for proposing restoration of funding for the Palo Alto Art Center. The Art Center's teen programming was meaningful and valuable. The Cultural Kaleidoscope Program was incredible.

Andie Reed encouraged the Council to fund verbatim transcripts of Board, Commission, and Committee meetings.

Rebecca Eisenberg commented that the Council failed to utilize the declared emergency to enact a tax on large businesses. Proceeds from the tax was a way to fill the Budget gap. Cost sharing with Palo Alto Unified School District (PAUSD) did not save money.

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Lauren Angelo, Friends of the JMZ, supported the Finance Committee's proposal to restore funding to Community Services and the Library and to reduce the JMZ admission fee. The Friends of the JMZ was committed to reducing inequity in the community.

Mila Zelkha, Manzanita Works, referred to Manzanita Works' proposal to provide transportation demand management (TDM) outreach to Palo Alto workers and encouraged the Council to consider Manzanita Works as a community resource that created behavior change.

Kat Snyder advised that the Legislature was considering the Crisis Act again and hoped the Council advocated for its passage.

Jennifer Lee Thuresson, Youth Community Services, asked the Council to restore funding for the Youth Connectedness Initiative (YCI).

Ashley Yee Mazawa concurred with Ms. Thuresson's comments.

Erwin Morton, Palo Alto Parent Teacher Association (PTA) Council Executive Board, urged the Council to fund crossing guards.

Audrey Gold advocated for complete funding of crossing guards because they helped save lives and promoted students walking and biking to school.

Karen Kwan, Palo Alto Art Center Foundation, thanked the Finance Committee for recognizing critical community services. Accessibility outweighed cost recovery.

Mora Oommen, Youth Community Services, requested the Council restore funding for youth and children's programming. The proposals did not clearly indicate the restoration of funding for YCI, which promoted youth mental health wellbeing.

Leif Erickson noted funding for YCI was not included in the Proposed Budget or Finance Committee recommendations. He asked the Council to renew the \$50,000 contract for YCI.

Mara Wallace commended the Finance Committee for proposing funding for the Palo Alto Art Center and suggested reducing the JMZ admission fee to zero when it reopens.

Bill Ross encouraged the Council to adopt the Finance Committee's recommendations for Public Safety. Immunities provided in the Government Code for inadequate fire suppression and inadequate Emergency Medical Services (EMS) transport were probably not going to be applicable if the City further reduced fire and life safety services. The City needed to fund full

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staffing for the Police and Fire Departments. Public Safety personnel were more important than a new Public Safety Building (PSB).

Council Member Stone appreciated the proposal to restore funding for Youth Services, but more work was needed. Youth's mental health needs were exacerbated by the pandemic. The work of YCI was critical for the wellbeing of youth in the community. It was imperative to restore funding for YCI. He inquired regarding the funding plan proposed by PAHM.

Ms. Nose related that the most-recent reconciliation was provided in December 2020. Some Impact Fees were allocated for other projects.

Council Member Stone requested any updated projections for revenue growth in FY 2023 based on shifts occurring over the last few weeks.

Ms. Nose reported Staff was preparing a forecast for impacts of Finance Committee recommendations on the FY 2023 Budget. Because Staff recognized the critical point of Budget discussions, they presented the Q3 preliminary results.

Council Member Stone inquired about Staff's confidence in projections for a better economic recovery than anticipated.

Ms. Nose encouraged the Council to remember that Staff balanced the risks of economic improvements and downturns when preparing a forecast. TOT revenue was below projections, but Sales Tax and Documentary Transfer Tax revenues were above projections.

Council Member Kou disclosed that her husband was a member of the La Comida Board, but she did not have to recuse herself from discussion and voting on matters involving La Comida. She inquired regarding the Finance Committee's recommendations for deferral of capital projects.

Ms. Nose clarified that Staff provided an at-places memorandum to the Finance Committee on May 11, 2021. The memorandum listed reappropriations in the Capital Budget from FY 2021 to FY 2022. The Finance Committee reviewed the list in the totality of the five-year Capital Improvement Program (CIP).

Council Member Kou asked if the City continued to lease the properties showing zero per month on the Property Usage Report.

Ms. Nose agreed to provide a response following some investigation.

Council Member Tanaka asked about the Finance Committee's discussion of the City's span of control.

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Council Member Cormack did not recall the Finance Committee discussing it in any particular detail.

Council Member Filseth added that Staff published an Organization Chart.

Council Member Tanaka inquired about the number of managers in the City organization.

Ed Shikada, City Manager, reported the Organization Chart indicated by color employees to whom other employees reported. Staff did not calculate the number of employees in each category.

Council Member Tanaka noted that people did not report to some position titles, such as Fire Department Captain, even though the titles reflected a leadership role.

Geo Blackshire, Fire Chief, explained that each Captain was a frontline supervisor of a crew.

Council Member Tanaka felt there were more managers than the Organization Chart reflected. He counted 211 green boxes reflecting manager positions and 823 blue boxes reflecting contributors in the Organization Chart. The span of control was 1 manager per 3.9 employees prior to staffing reductions and 1 manager per 3.4 employees after staffing reductions. He questioned whether there were opportunities to look at the ratio of managers to employees.

Mayor DuBois added that Staff also managed external consultants and vendors.

Rumi Portillo, Human Resources Director, advised that the span of control concept was very different in the public sector than in the private sector. A municipality had a great diversity of business lines and types of work. With diversity, additional supervision was necessary. In addition, the City operated businesses with very high liability risks. In the Fire Service, manager and supervisor were defined differently. A Fire Captain, similar to a Police Sargent, had some supervisory duties but did not participate in corrective measures, disciplinary actions, or performance management.

Mayor DuBois asked if Staff monitored real estate transactions.

Ms. Nose indicated that Staff received reports with tax remittances and forecast tax revenues. One large real estate transaction had tremendous impacts on a forecast.

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Mayor DuBois inquired whether Assistant City Manager, Chief Information Officer, and Arborist positions were going to be filled.

Mr. Shikada indicated Assistant City Manager duties were being cross-staffed. Chief Information Officer, Arborist, and Library Director positions were pending recruitments.

Mayor DuBois requested the rationale for proposing reductions in Residential Parking Permit Program (RPP) fees.

Philip Kamhi, Chief Transportation Official, clarified that the FY 2021 fee increases were not implemented because the City did not sell any permits and businesses pushed back on the increases. The proposal was to maintain the FY 2020 fees.

Mayor DuBois requested the proposed Electric Utility rate increase and asked if other utility rate increases were zero.

Council Member Cormack advised that the Finance Committee suggested the Council consider a modest increase in Electric Utility rates rather than the recommended 0 percent increase. The Finance Committee recommended 0 percent increases for Water and Refuse rates.

Mayor DuBois remarked that the Council was attempting to balance short-term and long-term revenues and expenses while considering appropriate risks.

Council took a break at 9:22 P.M. and returned at 9:28 P.M.

Vice Mayor Burt noted public comment that reductions in the FY 2021 Budget were not visible to the community because the functions were largely closed due to the pandemic, but some reductions were just beginning to be visible. Funding for programs that were the life-blood of the community was slashed. The Council did not restore FY 2021 funding for any programs. He proposed the Council consider restoring some of the most critical cuts made in FY 2021 or responding to the most critical needs, whether or not their funding was reduced in FY 2021. ARPA funds were intended to help the City avoid reductions in critical services and respond to additional needs. He encouraged the Council to consider exceptional needs for social services and youth. The Finance Committee recommended \$50,000 in funding for the Human Services Resource Allocation Process (HSRAP), but he wanted to further increase funding for HSRAP.

Council Member Filseth indicated that the *Green* verdict was going to cost the City \$15 million to \$20 million from the General Fund. He inquired

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whether the \$23 million in operating transfers reflected in the FY 2022 General Fund Revenue Plan and the \$8.4 million in utilities transfer litigation included \$4 million in gas transfer.

Ms. Nose answered yes.

Council Member Filseth asked if Staff anticipated a \$4 million decrease in FY 2023 General Fund revenues because of the absence of a gas transfer.

Ms. Nose reported the actual amount was going to be determined by the status of legal proceedings. Based on the current status of legal proceedings, Staff expected an average \$4 million annual impact to revenues.

Council Member Filseth related that the Finance Committee recommended use of one-time funding sources while the recommended expenses were recurring. He wanted to review the FY 2023-2026 LRFF because revenues were going to drop significantly beginning in FY 2023. He was not comfortable approving the recommended expenses without first reviewing the FY 2023-2026 LRFF.

Council Member Cormack commented that the Finance Committee's recommendations were optimistic. She was unwilling to reduce the BSR by more than \$2.5 million and to utilize more than half of ARPA funding in FY 2022. The Council had to set aside some funding, and the Finance Committee recommended \$500,000.

Council Member Kou felt the Council needed to ensure services to the community were reinstated in light of residents' need for interaction. YCI was important for preventing youth suicides. She inquired regarding Finance Committee votes on the use of ARPA funding and the Council Contingency Fund.

Council Member Cormack advised that Vice Mayor Burt was interested in utilizing more than 50 percent of ARPA funding in FY 2022 and voted against utilizing only 50 percent. Council Member Filseth and she voted to reduce the Council Contingency Fund from \$125,000 to \$25,000 while Vice Mayor Burt did feel a reduction was appropriate.

Vice Mayor Burt indicated his interest was utilizing two-thirds of ARPA funding in FY 2022 and one-third in FY 2023 or 60 percent in FY 2022 and 40 percent in FY 2023. A reduction in the Council Contingency Fund was appropriate, but not a \$100,000 reduction.

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Council Member Kou inquired regarding the effects of not charging admission to the JMZ for the first four to six months on the Budget.

Kristen O’Kane, Community Services Director, reported Staff analyzed admission fees of \$10 to \$18 to cover additional expenses of the new JMZ. Staff needed to analyze the impact of no admission fee.

Mr. Shikada added that the Finance Committee recognized the limitations on forecasting JMZ attendance. The Finance Committee did not direct Staff to analyze free admission. Free admission was going to significantly change attendance, and Staff needed to plan for a free-admission scenario.

Council Member Kou stated free admission was likely to skew attendance data, and subsequently charging admission was likely to further skew data. She asked why teen services was listed as to be determined.

Ms. Nose advised that the majority of teen services was funded through reserve funds, but Staff assumed the Finance Committee intended to restore funding for all service reductions. The line item was meant to highlight the assumption.

Mayor DuBois concurred with reducing the BSR below the 18 percent target amount, but any extra funding needed to be placed in the Uncertainty Fund. The Council needed to adopt the Proposed Budget and revisit it in August or September 2021 with a forecast for FY 2023 and impacts on the CIP. The Council needed to restore some funding for FY 2022 and revise funding when more data was available. A 60/40 split of ARPA funding, modest utility rate increases, partial restoration of funding for the Children's Theatre outreach and hotdog programs, use of Impact Fees and perhaps Stanford University Medical Center Development Agreement funds for Roth Building improvements, increases in RPP fees except for low-income workers, funding for transcription of meetings, reducing TMA funding to \$150,000, and additional funding for HSRAP were acceptable. Conversations with PAUSD regarding cost sharing was appropriate. Concessions from labor groups were key to restoring funding. The City provided approximately \$1.3 million from the General Fund to the JMZ when admission was free. With a \$10 admission fee and a new JMZ, City funding was likely to increase to \$1.5 million. A \$12 admission fee was appropriate to reduce City funding to \$1.3 million.

Council Member Filseth noted the proposed fee for the Evergreen Park RPP was \$201.50 and asked if that amount paid for six months or a year.

Mr. Kamhi responded six months.

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Council Member Filseth believed RPP employee permits needed to be perhaps 10 percent higher than garage permit fees.

Mr. Kamhi agreed to consider increasing the fee.

Ms. Nose requested the timing for Staff's presentation of parking items.

Mr. Kamhi replied August 2021.

Vice Mayor Burt disclosed that his wife was a member of the YCS Board, but it was not a conflict of interest for him. He inquired whether increased revenues for Q3 were deposited in the BSR.

Ms. Nose advised that accounting for the revenues had not occurred, but they normally were deposited in the BSR. If the Council did not allocate those funds, the BSR balance was going to increase to 18.5 percent.

Vice Mayor Burt explained that the BSR balance included the lowest amount of Q3 preliminary revenues before it was reduced by \$2.5 million.

Ms. Nose emphasized that the Q3 results were preliminary and may increase or decrease after Staff analysis.

Vice Mayor Burt clarified that not all Finance Committee adjustments to revenues were one-time events. He recalled thirty years of economic booms and downturns and the City's responses to them. Potential future revenue streams were not included in financial projections. Utilizing 60 percent of ARPA funding in FY 2022 and 40 percent in FY 2023 was reasonable given projections for economic recovery.

Council Member Stone inquired regarding existing cost-sharing agreements with PAUSD pertaining to crossing guards, Safe Routes to School, or Children's Theatre outreach.

Ms. Nose was not aware of any such agreements.

Ms. O'Kane clarified that PAUSD paid for Children's Theatre outreach.

Council Member Stone requested the amount.

Ms. O'Kane explained that PAUSD ticket sales provided approximately \$40,000. Total expenses for outreach were approximately \$190,000.

Council Member Stone concurred with the recommendation to approach PAUSD regarding cost-sharing agreements. He inquired about the need for

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an additional Associate Planner and the consequences of not providing funding for the position.

Jonathan Lait, Planning and Development Services Director, advised that the Associate Planner was going to respond to planning applications when they were filed. The position and consultant services were eliminated in FY 2020 to meet funding reductions. If the position was not funded, delays in reviewing applications were going to occur.

Council Member Stone supported increasing funding for HSRAP and Palo Alto Children's Theatre, collaboration with Manzanita Works, funding of the Charleston/Arastradero project, and funding for PAHM.

Council Member Tanaka requested Staff calculate the number of people managers in the City. Positions with manager titles increased the manager to employee ratio to 2:1. A good span of control was 1:8 or 1:7. He concurred with Council Member Filseth's comments regarding one-time funding and recurring expenses. The average employee salary in the FY 2021 Adopted Budget was \$225,000, while the average employee salary in the FY 2022 Proposed Budget was \$241,000. He inquired about potential reasons for the increase.

Ms. Nose replied management concessions, pension increases, and general liability and workers' compensation insurance.

Council Member Tanaka felt it was important to hold employee costs to FY 2021 levels. He requested reasons for the increase in debt service.

Ms. Nose answered the Public Safety Building.

Mr. Shikada corrected Ms. Nose in that debt service increased due to construction of the parking garage.

Council Member Tanaka requested reasons for the 19 percent increase in general expense and the 16 percent increase in contract services.

Ms. Paras replied that ARPA funding increased general expense.

Ms. Nose agreed to determine the drivers of the increase in contract services.

Council Member Tanaka wanted to understand the drivers of increases in order to mitigate them.

Ms. Nose advised that the change in allocated charges was incorrect.

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Council Member Tanaka requested reasons for the 22 percent increase in net transfers. He inquired regarding the implied subsidy for salary and benefits.

Ms. Nose explained that healthcare plans covered both active and retired employees. Healthcare costs of older employees were usually higher than costs for younger workers, but costs were averaged across all insured employees. The implied subsidy attempted to identify the difference.

Council Member Cormack indicated the City's subsidy for the JMZ was \$1.5 million at an admission fee of \$10, and the total expense was \$3.7 million. If the admission fee was reduced to \$0.00, the City's subsidy was going to increase an additional \$2.2 million. The Q3 revenue increase resulted from one-time events. Staff typically utilized funding for vacant positions to retain consultants to provide temporary services. The Proposed Budget eliminated vacant positions and any funding for them. PAHM's proposal for federal funding was going well. She supported the use of Stanford University Medical (SUMC) Development Agreement funds for Phase 4 of the Arastradero/Charleston project.

MOTION: Mayor DuBois moved, seconded by Council Member Kou to direct the Finance Committee and City Staff to adopt the seven items of consideration and the recommended revised balancing strategy with the following modifications:

- A. Adjust use of ARPA funds to 60 percent in Year 1 and 40 percent in Year 2;
- B. Add in the following:
 - i. \$260,000 for outreach and hotdog shows for Children's Theatre;
 - ii. \$50,000 YCI matching County funds; and
 - iii. \$75,000 to restore Council Contingency Budget to \$100,000 total.
- C. Reduce the TMA budget to \$150,000;
- D. Direct the Finance Committee to look into adjusting RPP Fees on Municipal Fee Schedule to be 10 percent higher than garage fees, and consider appropriate level of fees (2020 vs 2021);
- E. Return with long range CIP plan in the fall of 2021, for the CIP 2023 and beyond to adjust for changes in budget, including Phase 4 Charleston Arastradero; and

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F. Direct the Finance Committee to find a way to fund the Roth building through the combination of impact fees and SUMC funds.

Council Member Kou proposed approaching PAUSD to provide funding for Children's Theatre outreach and hotdog shows.

Mayor DuBois clarified that the reference to the revised balancing strategy included Finance Committee recommendations not specifically mentioned in the Motion.

Council Member Filseth commented that splitting ARPA funding 60/40 resulted in a \$7 million revenue shortfall in FY 2023. He preferred to utilize BSR funding rather than ARPA funding.

AMENDMENT: Council Member Filseth moved, seconded by Council Member Cormack to adjust use of ARPA funds to 50 percent in Year 1 and 50 percent in Year 2.

Ms. Nose noted the Finance Committee identified some funding for the items in the Motion. In addition, \$960,000 remained unallocated.

Council Member Cormack expressed concern about utilizing more than 50 percent of ARPA funding in Year 1. A budgetary principle was to match one-time funds with one-time uses.

Council Member Tanaka supported the Amendment.

Vice Mayor Burt did not support the Amendment because the economic downturn reached its low point in 2020 and 2021. The Council reduced funding for critical programs for youth who were badly in need of programming. The Council needed to bridge the period to FY 2023 when revenues were likely to be restored.

Council Member Kou inquired whether the \$960,000 was the same as the \$1 million Uncertainty Reserve.

Ms. Nose replied yes. The Finance Committee recommended allocation of the FY 2021 \$500,000 Uncertainty Fund for a future undetermined use.

AMENDMENT FAILED: 3-4 Burt, DuBois, Kou, Stone no

AMENDMENT: Council Member Filseth moved, seconded by Council Member Cormack to add to the Motion Part F "contingent on federal funding."

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Council Member Cormack reiterated that some Impact Fees were allocated to projects, such as Rinconada Library and automated material handling for the Library. She inquired whether the Parks and Recreation Commission prioritized Heritage Park for a restroom.

Ms. O’Kane did not believe the priority was Heritage Park, but she needed to review the Master Plan.

Council Member Cormack preferred to utilize SUMC Development Agreement funds for the Charleston/Arastradero project.

Vice Mayor Burt noted Park Impact Fees rather than Community Center Impact Fees needed to be allocated to the Rinconada Library project. He inquired whether potential federal funding for the Roth Building was likely to be available in 2023.

Mr. Shikada understood federal funding was going to be available in FY 2022.

Vice Mayor Burt requested clarification of "contingent on federal funding" in the Motion.

Council Member Filseth indicated that City funds were going to be provided if PAHM received federal funding.

Council Member Kou felt PAHM was misled over the past for few years, which hampered fundraising. PAHM was going to benefit many community members.

Council Member Tanaka felt PAHM was a wish rather than a need.

Mr. Eggleston clarified that the Rinconada Park project represented the City's contribution to the JMZ Friends for the JMZ. For that reason, Community Center Impact Fees were allocated to the Rinconada Park project. The City was not allowed to utilize Park Impact Fees for rehabilitation of an existing asset.

Council Member Stone felt it was time to honor the City's commitment to PAHM.

Council Member Cormack inquired whether the Council was able to direct the Finance Committee's vote because two of three Finance Committee Members may not support use of Impact Fees and SUMC Development Agreement funds for PAHM.

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Molly Stump, City Attorney, interpreted Part F of the Motion as a referral to the Finance Committee to work on the issue. The Finance Committee was going to recommend the action that it deemed appropriate. Part F did not dictate a precise outcome for the Finance Committee.

Ms. Cotton Gains reported federal funding for PAHM was part of the federal appropriations for FY 2022, which was October 1, 2021 through September 30, 2022.

Mayor DuBois added that PAHM was allowed to utilize federal funding for exhibitions and other things. This was an opportunity to protect a City building.

Ms. Nose advised that approximately \$65,000 of Library Impact Fees were not allocated. Allocating more than \$65,000 of Library Impact Fees to PAHM resulted in defunding the automated material handling project. The PAHM proposal for federal funding was specific to rehabilitation of the Roth Building. Staff needed to coordinate with Congresswoman Eshoo's Office regarding flexibility in the use of federal funding. The timing of the two ARPA distributions was unknown such that BSR funds may need to be used until ARPA funds were received and reimbursed the BSR.

Ms. Paras clarified that an email indicated the first half of ARPA funding was going to be received in June 2021 and the second half in May 2022.

Vice Mayor Burt asked if the Roth Building rehabilitation was proposed in two phases, one for the warm shell and one for the cold shell.

Ms. Nose related that \$4 million supported completion of a warm shell. The application for federal funding requested funding for a warm shell, which included complete rehabilitation and exhibits.

AMENDMENT FAILED: 3-4 Burt, DuBois, Kou, Stone no

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion Part B "\$150,000 for HSRAP Funding and \$30,000 for Twilight Concert Series."

Council Member Tanaka wanted to reduce the span of control for the City to generate cost savings.

Vice Mayor Burt believed span of control was outside the Budget process.

AMENDMENT: Council Member Tanaka moved, seconded by Council Member XX to direct the Finance Committee to look at potential savings and ways to streamline the span of control for the City.

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AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Tanaka proposed eliminating funding for meeting transcription when YouTube transcribed videos at no cost.

Vice Mayor Burt noted that the Finance Committee discussed the topic at length and determined there were quality issues with YouTube transcriptions.

Mayor DuBois added that the City had more requirements for transcription than YouTube was able to fulfill.

Council Member Kou advised that transferring YouTube transcriptions to word processing software was extremely difficult.

Council Member Tanaka requested the Finance Committee's rationale for restoring \$40,000 for federal advocacy.

Council Member Cormack reported the Finance Committee held a robust discussion of advocacy and was persuaded by Vice Mayor Burt's description. Staff was hoping to find one firm that provided both State and federal advocacy, but those firms were rare. The Federal Government's reception of the City's advocacy efforts was changing for the better.

Council Member Tanaka did not agree with the recommendation to seek costs from PAUSD for crossing guards. He inquired whether that was part of the Motion.

Mayor DuBois answered yes.

Vice Mayor Burt clarified that the Council wanted to explore PAUSD's willingness to share the cost of programs oriented toward students.

Council Member Tanaka did not want to share the cost of crossing guards. He inquired whether the Motion included funding for the Children's Theatre and the College Terrace Library.

Mayor DuBois responded yes.

Ms. Nose reported the correct increment of change for allocated charges was \$3.7 million. The increase in contract services resulted from inclusion of funding for the *Green* decision, but it was probably going to be moved to general expense.

Council Member Tanaka requested reasons for the 5.5 percent increase in salary and benefits.

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Ms. Nose replied increases in pension costs, workers' compensation costs, and concessions from Management and Professional Staff.

Council Member Tanaka requested the number of funds.

Ms. Nose indicated approximately 100.

Council Member Tanaka asked about the process for transferring money among funds.

Ms. Nose advised that the Council approved appropriations and Budgets.

Council Member Tanaka stated that the Council was able to transfer monies among funds.

Ms. Nose clarified that legal restrictions were applicable to certain funds, and Staff advised the Council when transfers were not legally permitted.

Council Member Stone proposed removing Phase IV of the Charleston/Arastradero project from Part E of the Motion.

Mayor DuBois related that the Charleston/Arastradero project was the point of reviewing the CIP in the fall of 2021.

Council Member Stone strongly supported advancing the Charleston/Arastradero project with the funding sources recommended by the Finance Committee and Staff.

Mr. Eggleston reported any of the three options for use of SUMC Development Agreement funds allowed Staff to utilize existing bids and proceed with the full remainder of the project.

Council Member Cormack supported the proposal and inquired about the funding option.

Council Member Stone preferred funding Option 1.

Council Member Cormack wanted to utilize Option 3 because it was a good use of SUMC Development Agreement funds and the Bicycle and Pedestrian Transportation Plan was going to be updated.

Council Member Stone requested the impact of utilizing funding Option 1 for the Charleston/Arastradero project instead of the Roth Building.

Ms. Nose indicated it was going to drain the SUMC Development Agreement funds.

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AMENDMENT: Council Member Stone moved, seconded by Vice Mayor Burt to remove, "... including Phase 4 Charleston Arastradero" from the Motion, Part E.; and add "move forward with Phase 4 of the Charleston/Arastradero Project using funding Option 1."

AMENDMENT PASSED: 5-2 Cormack, Kou no

Council Member Cormack inquired whether the \$50,000 of SUMC Development Agreement funds set aside for HSRAP could be utilized for YCI matching funds.

Ms. Nose answered yes, if the Council wished.

Council Member Cormack was not sure of the importance of restoring funding to the Council Contingency Fund. She inquired whether the \$150,000 for HSRAP funding was in addition to the \$50,000 or the total amount.

Vice Mayor Burt responded that it was in addition to the \$50,000.

Council Member Cormack suggested that the Motion required an additional \$400,000 in funding.

Ms. Nose concurred.

Council Member Cormack requested a separate vote on Part B of the Motion.

Mayor DuBois agreed to do so.

Ms. Nose cautioned the Council that staffing was not sufficient to execute the Council directions at the pace the Council expected.

Mayor DuBois clarified that the Motion was a referral to the Finance Committee.

Vice Mayor Burt believed the directions did not require a great deal of staffing.

Mr. Shikada explained that the Council focused on restoring direct services, but the infrastructure to support those direct services was more than proportionally reduced in the Proposed Budget. Staff was unable to respond to the Finance Committee's requests for analyses. Staff provided oversight of the HSRAP process and contracts. Staff in Community Services, the City Attorney's Office, the Auditor's Office, and throughout the organization were involved in supporting the Council direction. Yet, staffing across the organization was reduced.

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Vice Mayor Burt clarified that the directions contained in the Motion did not require significant staffing.

Ms. Nose stated her concern was the Staff involved in the full list of Finance Committee recommendations as well as the directions in the Motion.

MOTION AS AMENDED: Mayor DuBois moved, seconded by Council Member Kou to direct the Finance Committee and City Staff to adopt the seven items of consideration and the recommended revised balancing strategy with the following modifications:

- A. Adjust use of ARPA funds to 60 percent in Year 1 and 40 percent in Year 2;
- B. Add in the following:
 - i. \$260,000 for outreach and hotdog shows for Children’s Theatre;
 - ii. \$50,000 YCI matching County funds;
 - iii. \$75,000 to Restore Council contingency Budget to \$100,000 total;
 - iv. \$150,000 for HSRAP Funding; and
 - v. \$30,000 for Twilight Concert Series.
- C. Reduce the TMA budget to \$150,000;
- D. Direct the Finance Committee to look into adjusting RPP Fees on the Municipal Fee Schedule to be 10% higher than garage fees, and consider appropriate level of fees (2020 vs 2021);
- E. Return with long range CIP plan in the fall of 2021, for the CIP 2023 and beyond to adjust for changes in budget;
- F. Direct the Finance Committee to find a way to fund the Roth building through the combination of impact fees and SUMC funds; and
- G. Move forward with Phase 4 of the Charleston/Arastradero Project using funding Option 1.

MOTION SPLIT FOR THE PURPOSE OF VOTING

MOTION PARTS A, C-G PASSED: 4-3 Cormack, Filseth, Tanaka no

MOTION PART B PASSED: 5-2 Filseth, Tanaka no

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Council Member Questions, Comments and Announcements

Vice Mayor Burt reported Santa Clara County was possibly going to move to the Yellow Tier as soon as May 19, 2021. The response to vaccinations for children aged 12-15 was strong. Schools were expected to return to full in-person attendance in the fall of 2021.

Mayor DuBois advised that on May 25, 2021 the Consul General in Japan was hosting a session for Palo Alto residents as part of the Asian American and Pacific Islander Heritage Month.

Closed Session

~~12. CONFERENCE WITH LABOR NEGOTIATORS City Designated Representatives: City Manager and his designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Rumi Portillo, Molly Stump, Kiely Nose, Bob Jonsen, Geo Blackshire, Dean Batchelor, Nick Raisch) Employee Organizations: Service Employees International Union, (SEIU) Local 521; Service Employees International Union, (SEIU) Local 521, Hourly Unit; Palo Alto Police Officers Association (PAPOA); Palo Alto Fire Chiefs' Association (FCA) and Employee Organization: International Association of Fire Fighters (IAFF), Local 1319; Palo Alto Police Manager's Association (PAPMA); Utilities Management and Professional Association of Palo Alto (UMPAPA); Authority: Government Code Section 54957.6(a).~~

Adjournment: The meeting was adjourned at 11:44 P.M.

ATTEST:

APPROVED:

City Clerk

Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.