



FINANCE COMMITTEE SUMMARY MINUTES

Special Meeting
May 4, 2021

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 2:01 P.M.

Present: Burt, Cormack, Filseth

Absent:

Oral Communications

Marcia Pugsley shared that she has been involved with the Palo Alto Art Center Foundation for the last 15-years. She requested that there be no further budget reductions applied to the Art Center. Budget cuts will cause reductions in the revenue stream to the Art Center.

Rebecca Eisenberg urged the Finance Committee (Committee) and City Council (Council) to explore a Business Tax. She mentioned that the budget does not include the court-ordered \$12 million that Palo Alto (City) must pay utility ratepayers.

Neilson Buchanan announced that he could not find the City's Transportation Management Association (TMA) in the budget.

Agenda Items

1. Review and Recommend to the City Council an Adjusted Operating Plan for the Junior Museum and Zoo, Including an Opening Date and Ticket fee Structure.

Kristen O'Kane, Community Services Director, presented the item to the Finance Committee (Committee). In March of 2020, the Committee recommended a ticket fee of \$10 and membership prices ranging between \$110 to \$245 for the Junior Museum and Zoo (JMZ). In May of 2020, City Council (Council) approved an \$18 ticket fee and membership prices ranging from \$150 to \$430 to address a funding gap caused by the COVID-19 Pandemic. Staff has re-examined the \$18 ticket fee and membership prices and recommended that the prices be reduced. In the pricing analysis conducted by Staff, Staff assumed that JMZ would receive 185,000 visitors

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annually, 25 percent of those visitors would hold a membership card, and 10 percent of sales would be discounted. Staff recommended that the discounted ticket be increased from \$2.00 to \$3.00 and there be an increase to classes and camp prices. In Fiscal Year 2018, the JMZ was at a 30 percent cost recovery level. With a ticket price of \$18, the JMZ would be at a cost-recovery level of 87 percent and at the lower end of \$10 per ticket, the JMZ would be at a cost-recovery level of 62 percent. Next steps included a grand opening in October of 2021 and Staff continued to explore other opportunities for revenue sources.

Lauren Angelo, Co-President of the Friends of the Palo Alto Junior Museum & Zoo, disclosed that the group was founded in 1990. It consisted of an 18-member board and their mission is to support and enhance the JMZ. The Friends ran a capital campaign to rebuild the JMZ which resulted in a \$25 million donation. It was understood by the Friends that the JMZ would be reopened with a modest ticket price of \$6 to \$8 a ticket. They strongly opposed an \$18 ticket price. It was also understood that Palo Alto (City) has a long-term cost recovery plan to transition the governance of the JMZ to the Friends which the Friends will be considering a few years after reopening. The Friends recommended that the JMZ be reopened with a ticket price of no more than \$10 and that the ticket price of \$18 maximizes short-term cost recovery but sacrifices the long-term success and recovery of the JMZ. The Friends believed that the City's revenue mode contained many flawed assumptions. They emphasized that attendance will decrease as ticket prices increase, the JMZ will have a lower deficit to the City's General Fund than explained in the Staff report, and a ticket price of \$18 far exceeds nearby attractions. Donors have expressed to the Friends that they will deeply regret their donation to the JMZ if it is opened at \$18 per ticket, that they will never donate to the JMZ in the future, and they will not fund future capital projects in the City. The Friends recommended that the City move toward long-term financial sustainability by gathering data once the JMZ is opened with a ticketed gate, ramp up other revenue streams and increase cost recovery over time.

Rebecca Eisenberg appreciated Ms. Angelo's presentation and she urged the Committee to read the Parable of the Sower series by Octavia Butler.

Jeremy Erman echoed all the comments made by Ms. Angelo. He expressed he strongly opposes a higher ticket price. He remarked that an \$18 ticket fee for a child under 2-years of age is wrong. He was frustrated that the JMZ was allowed to make a presentation but none of the other community service programs are allowed to do that.

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Mara Wallace stated that as a donor to the JMZ, it is disappointing to hear that there will now be a fee to enter the museum.

Council Member Filseth asked if any other allocated charges are not included in the presumed allocated charges.

Ms. O’Kane explained that allocated charges are hard to determine and moving forward, Staff is estimating \$900,000 of allocated charges.

Council Member Filseth inquired how many employees work at the JMZ.

Ms. O’Kane shared that there is a total of 6.79 full-time equivalent (FTE) positions at the JMZ.

Kiely Nose, Administrative Services Director, noted that in the proposed Operating Budget is a work chart which articulated full-time FTE as well as hourly positions. There are hourly positions in that work chart that are associated with the JMZ.

Council Member Filseth asked if postponing the goal of the JMZ receiving Association of Zoos and Aquariums (AZA) Accreditation impacts Staffing levels.

John Aikin, Manager Community Services Sr. Program, explained that Staff plans to apply for accreditation from both AZA and the American Alliance of Museums (AAM) for the museum. There will need to be one additional Staff position for the museum accreditation but he believed there was enough Staff in the plan to accomplish both accreditations.

Council Member Filseth summarized that the numbers in the Operating Plan do not add up. He recommended a new Operating Plan be drafted for the JMZ. He observed that that the City runs the Operating Plan but the Friends run the Marketing Plan and those two plans must work together. He recommended that the two plans be strengthened together.

Vice Mayor Burt thanked the Friends for their presentation and announced he was frustrated that Staff’s presentation assumed that there is no variability of demand depending on pricing. He agreed that the City’s Recovery Model has many flaws. He concurred that an \$18 per ticket is very high and would result in lower attendance and lower revenue to the City. In terms of the Operating Model, he wanted to understand the feasibility of relying on docents and volunteers for services.

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Mr. Aikin confirmed that volunteers are built into every department of the new model. He emphasized that it takes time to know the volunteer's schedules and if they are reliable.

Vice Mayor Burt inquired if there is a plan of when to add volunteers and how much those volunteers allow the City, over time, to reduce full-time staffing positions.

Mr. Aikin shared that there is a plan but it is contingent on the number of Staff people there are to manage and train the volunteers. The volunteers will never completely replace the Staff positions.

Vice Mayor Burt stated that between not having projections on the variability of demand based on pricing and not having projections on gravitating towards more volunteers and less full-time Staff. The Committee is at a great disadvantage in making the decisions regarding financing. He requested that information be provided to the Committee.

Ms. Nose acknowledged that in the Community Services Department (CSD), they are dealing with capacity and Staff issues. For this reason, the department cannot supply all the data the Committee and City Council requests.

Chair Cormack expressed excitement about the newly renovated JMZ facility and she thanked the donors for their generous donations. She asked why October of 2021 was the month chosen to open the JMZ.

Ms. O'Kane explained that it was a combination of factors. One was acclimating the animals to the new facility and the other was finalizing all the components of the project.

Chair Cormack agreed with Council Member Filseth's observation that there is a disconnect between the Operating Plan and the Marketing Plan. She agreed that the City was not in a financial position to agree to double the expenses and carry that. She inquired what is the average percentage that the City has reduced CSD over the past 2-years.

Ms. Nose reported that she will find the answer and report back.

Council Member Filseth expressed that the JMZ should go into the list of parking lot items for the budget due to there being a \$1 million gap in funding that needed to be figured out.

Vice Mayor Burt supported Council Member Filseth's recommendation that the JMZ be placed on the parking lot list. He mentioned that the price

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modeling presented by Staff is not correct and recommended they revise it. He wanted to understand how the City can bridge the funding gap.

Ms. Nose shared that in terms of reductions made to the CSD budget, overall there has been an 8 ½ percent decline.

Chair Cormack asked if this item needs to be rushed to Council.

Ms. O’Kane commented that Staff does need enough time in advance of the October 2021 opening to logistically set everything up.

Mr. Aikin added that in terms of marketing, ideally there is a 6-month ramp-up period. He mentioned that funding will not be available until the first of the new fiscal year.

Chair Cormack stated that there will be a ticket price so the systems can be implemented now and can be changed according later.

Mr. Aikin agreed but noted that the marketing budget for the JMZ was reduced and so marketing cannot start until the funds are available after the new budget is approved.

Ms. O’Kane agreed with Chair Cormack that the behind-the-scenes processes can be put into place and then adjusted later.

Chair Cormack inquired if the item has to be sent to Council before budget hearings or can it be sent during the budget hearings.

Ms. Nose remarked that the item can go concurrent with the budget process but if a fee is established after July 1, 2021. That will cause timing issues in terms of being ready for the October 2021 opening.

MOTION: Chair Cormack moved, seconded by Council Member Filseth to:

- A. Tentatively approve the Fiscal Year 2022 Operating Plan recommendation using the Budget Process to better understand the interactions between the attendance and the ticket price and expenses;
- B. Move \$914,000 to the parking lot, which will be considered at the May 12, 2021 Finance Committee meeting; and
- C. Direct Staff to perform a simple scenario analysis.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER "...recommendation assuming an \$18 ticket price..."

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Chair Cormack explained that the simple analysis would include information that the Friends presented and the existing pricing table in the Staff report.

Ms. O'Kane requested that Mr. Aikin talk about the consultant work that has already been done regarding ticket pricing and attendance.

Mr. Aikin indicated that several consultants have made recommendations but the challenge was that the work was done early in the process. The work did assume a 15 percent sensitivity to attendance based on ticket price but there is concern that the 15 percent is not defensible. He agreed that an analysis that had a range of 10 to 20 percent sensitivity to attendance based on ticket price is the best approach.

Council Member Filseth disclosed that the right approach is to keep the \$18 ticket price for the moment and presumably there will be a new plan of record by the end of the budget process.

Vice Mayor Burt did not believe this was the right approach of approving an \$18 ticket price now and then review it later.

MOTION AS AMENDED: Chair Cormack moved, seconded by Council Member Filseth to:

- A. Tentatively approve the Fiscal Year 2022 Operating Plan recommendation assuming an \$18 ticket price, using the budget process to better understand the interactions between the attendance and the ticket price and expenses;
- B. Move \$914,000 to the parking lot in consideration of a lower ticket price, which will be considered at the May 12, 2021 Finance Committee Meeting; and
- C. Direct Staff to perform a simple scenario analysis.

MOTION PASSED: 2-1 Burt no

2. Discuss and Accept the Stanford University Medical Fund Current and Planned Commitments Report as Referred by the City Council.

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Christine Paras, Administrative Services Assistant Director announced that City Council (Council) had requested Staff review the Stanford University Medical Center (SUMC) Fund at the January 30, 2021 Council retreat. The total planned commitments for the fund in the 5-year Capital Plan was roughly \$13 million as well as \$2.4 million in the Fiscal Year (FY) 2020-2021 Budget which left \$1.5 million funds not committed. Those funds resided in the Community Health/Safety and the Expansion Cost Mitigation categories. Prior projects that were funded using the SUMC Fund included a variety of bicycle and pedestrian improvement plans, Project Safety Net and track monitoring, transfers to the Housing Fund and the new Public Safety Building. Staff recommended that the Finance Committee accept the SUMC report of current and planned commitments.

Rebecca Eisenberg suggested that the \$2.4 million of unallocated funds should be spent on climate change and sustainable communities.

Rich Green, President of the Palo Alto History Museum, stated appreciation of the City's support of the federal grant that was recently submitted for the Roth Building and the Palo Alto History Museum. He advised the Committee to use the unallocated funds and Impact Fees to restore the Roth Building.

Mary Gloner mentioned that she is speaking on behalf of Dennis Burns. Mr. Burns serves on the Project Safety Net Board of Directors which included Community Service Director Kristen O'Kane. Mr. Burns, along with another Board Member, were directed by the Board of Directors to review the SUMC Development Agreement and identify opportunities to assist the Council with disbursing the agreed funds to advance community health. One proposal for Council's consideration was to establish a community working group that invests in youth mental health activities.

Vice Mayor Burt asked if the Intermodal Transit Project is the potential bus extension into the transit center from El Camino Real.

Kiely Nose, Administrative Services Director confirmed that is correct.

Vice Mayor Burt was concerned about using \$1 million in funding from the Expansion Cost Mitigation category for the grade crossing separation project.

Ms. Nose articulated that a large portion of funding is coming from Measure B funding but the City has contributed funding to the project as well. She added that FY 2021 funding from the SUMC Fund has been spent for the grade separation project but the FY 2022 funds are part of the proposed Capital Improvement Budget.

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Vice Mayor Burt requested that the Palo Alto History Museum clarify what type of funding they are seeking from the SUMC Fund.

Rich Green relayed that the most appropriate funding type would be from the Community Health and Safety bracket. He explained how the museum and Roth building are essential and invaluable resources to the mental health and well-being of the community.

Chair Cormack announced she is interested in making recommendations for the unallocated funds for full Council to consider at their next meeting. She disclosed half of the funding from the Community Health and Safety category should be allocated to the parking lot with the understanding they will be used on a one-time basis. Also, allocating the funds from the Climate Change category for the Sustainability Climate Action Plan (S/CAP).

Vice Mayor Burt asked if Staff has any plans for the unallocated funds.

Ms. Nose explained there are a number of initiatives that have been raised from members of the public that the funds should be used on. She added it is Council's discretion to allocate the funds where they see fit.

MOTION: Vice Mayor Burt moved, seconded by Council Member Filseth to accept the Stanford University Medical Fund Report of current and planned commitments, in preparation for the Committee's review of the Fiscal Year 2022 Budget.

Chair Cormack asked if the Council does want to use the funds during the budget, can that decision be made during the budget hearings.

Ms. Nose answered yes.

Chair Cormack inquired if the City shuttle is included in the budget.

Phil Kamhi, Chief Transportation Official indicated the City is still waiting for the grant funding agreement to come from Santa Clara Valley Transportation Authority (VTA). He noted the grant is over \$2 million and the local match is \$250,000 per year and Staff expected to recover those funds through the fare boxes.

MOTION PASSED: 3-0

The Finance Committee took a break at 3:45 P.M. and returned at 3:52 P.M.

3. Review and Discuss the Fiscal Year (FY) 2021-2022 Proposed Operating and Capital Budgets.

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Kiely Nose, Administrative Services Director reported that City Council (Council) did receive a presentation from Staff regarding the budget at their May 3, 2021 meeting. Staff will provide a brief overview of that presentation as well as several additional items that are important for the Finance Committee (Committee). The Fiscal Year (FY) 2021-2022 Proposed Budget used a balancing strategy to balance service needs while restoring services and facilitate recovery. The budget allows the City to continue critical and core services but those services will be modified. Core services included police and fire, utility services, parks and open spaces, libraries, health and safety measures, keeping the three community centers open, provide support to the Development Center, and manage traffic signal maintenance. The Proposed Budget and Proposed Capital Budget are not recommended or sustainable from a long-term perspective. The budget acknowledged the tough fiscal time the City is in, Council's direction to use Scenario B, responds to residents' urgent needs, long-term liabilities and restoring and recovering as the economy recovers.

Christine Paras, Administrative Services Assistant Director shared the Citywide strategy of balancing the budget was done through the reduction of the transfer of Capital Funds, potential labor concessions, pension and Other Post-Employment Benefits (OPEB) contributions and continuing the hiring freeze for positions and nonessential travel. Total Citywide revenue sources amounted to \$589.4 million with roughly half of that coming from net sales related to utilities. The City is down in revenue by 16 percent compared to FY 2020-2021. The total Citywide expenses were \$690.1 million with capital investments, utility commodity purchases and salary and benefits being the main drivers. Compared to FY 2020-2021, there was a decrease of \$14.3 million in expenses which was greatly driven by the Public Safety Building. The City has roughly 490 full-time equivalent (FTE) staffing positions with 939 FTE Citywide which was down from the FY 2020-2021. For FY 2022, the budget assumed a net reduction of 19.5 FTE staffing positions.

Ms. Nose noted that 76 FTE vacant positions were eliminated in FY 2021.

Ms. Paras reported the budget assumed an increase of 3.2 percent in salary and benefits compared to the FY 2020-2021 Budget and a 1.7 percent increase in the General Fund (GF). In the FY 2022 Proposed Operating Budget, the GF fund revenues have decreased by 18 percent compared to FY 2019. In terms of the GF major tax revenues, Staff assumed that it will take 3 to 5 years for tax revenues to recover from the pandemic. Key assumptions expected in the FY 2022 Proposed Budget included tax revenues to be in alignment with Scenario B as directed by Council which balanced an approximated \$13 million gap once pending Utilities Transfer Litigation is resolved. If that is not achieved, then there will be Tier 2

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reductions, use of American Rescue Plan Act (ARPA) funds, or additional reserves. The Proposed Budget assumed a Budget Stabilization Reserve (BSR) percent of 17.4 percent which Council's direction was that the BSR stay within a range of 15 to 20 percent. The budget also assumed a one-time use of ARPA funds of \$6.25 million. Roughly \$3.2 million was set aside to restore reductions in the proposed balancing strategy. Tier 2 service reductions are outlined but were not in the Proposed Budget Balancing Strategy. Tier 2 services reductions were to be used only when all balancing strategies have been exhausted. The Internal Service Fund provided funding for general benefits, general liability, print and mail, retiree healthcare, technology, vehicle, and Workers' Compensation. The overall percentage change for the Internal Service Fund was 7.9 percent and the total change Citywide was 9 percent.

Ms. Nose noted that some of the year-over-year increases appear large, which was due to the annual evaluation of liabilities as well as part of the balancing strategy for FY 2021 was to drain the fund balance in the Internal Service Fund.

Ms. Paras addressed the public speaker's question that the budget did assume a \$350,000 budget for the Transportation Management Association (TMA). The FY 2022 Capital Budget expenses totaled \$152.9 million with roughly one-third of the funding for the GF Capital Improvement Plan followed by the Wastewater Treatment Fund and Electric and Water Fund. The FY 2022 Capital Budget revenues totaled \$51.5 million.

Ms. Nose summarized the budget hearing guidelines with meeting proceedings organized by agenda item and then recommended motions. Any tentative approvals required a majority vote, any recommended placement of items in the parking lot required a majority vote as well as any requested additional information or follow up from Staff. The parking lot is used as a running list of items that the Committee will consider restoring if funds are available. The community was encouraged to engage in the conversation.

Chair Cormack asked when will the results of the community survey be available.

Ms. Nose explained the survey will be open during the entire budget process but Staff will provide a snapshot of the survey numbers to the Committee at the May 12, 2021 meeting. Final and formal feedback from the survey will be provided at the May 25, 2021 meeting.

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Judith Content urged the Committee to not cut any funding from the Palo Alto Art Center Foundation. Cutting funding will put the Palo Alto Art Center at risk of closing.

Jeremy Erman did not agree with Council's sentiment that items cannot be added to the budget without other items being cut out of the budget. He emphasized that the items in the budget are not equal. He stated that there is no sense of priority among Staff and Council. He expressed frustration that Council continued to say there is no funding when he believed that the City could apply for grants, raise taxes, or ask for donations to fund the programs the community wants.

Chris Robell agreed with the previous speaker and that the approach to the budget is fundamentally problematic. He noted that it was important to understand how many managers are employed by the City and combining roles would reduce costs. He urged the Committee to review the activities that drive costs and cut lower valued items. He concluded that a Business Tax should be implemented but emphasized that there should be no Residential Parcel Tax.

Jonathan Erman stated that when cuts are made to community programs, those cuts are never restored. He did not agree with increasing fees to facilitate cost recovery. He wondered about salary cuts for non-union positions.

Neilson Buchanan asked when he should address the TMA budget.

Penny Ellson appreciated that the City is maintaining the commitment to the Safe Routes to School Program. She expressed concern about potential cuts that affect school children and suggested that the City work with Palo Alto Unified School District (PAUSD) to fill the gaps. She mentioned that there were no meeting materials on the City's website for the meeting. She indicated that she is interested in seeing the detailed organizational chart. She has questions regarding the Charleston/Arastradero Project and will forward those questions to Staff.

Cynthia Cole, Chair of the Governance Committee for the Palo Alto Art Center Foundation Board, was extremely frustrated that the budget is proposing to cut funding to the Art Center. With the proposed cuts, the Art Center will lose funding for the Exhibition Program, all teen programs, the Free Family Day Program, Project Look and Cultural Kaleidoscope.

Rebecca Eisenberg noted that the City has sold 80 percent of the land within the City to businesses and those businesses are not taxed. She stated that

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with a Business Tax and a more robust Code Enforcement office, those two would bring in large amounts of revenue for the City.

Mora Oommen, Executive Director of Youth Community Service (YCS), appreciated the words of Council Member Greer and Vice Mayor Burt who advocated for youth programs and acknowledged the budget is not a zero-sum game. She urged the Committee to recommend to Council to not approve the proposed cuts to children and youth programs proposed in the budget.

Mara Wallace appreciated the Council Members for their work and dedication to the City. She commented that the proposed cuts to the Art Center will set the Art Center up for failure. She suggested that if the City plans to purchase a piece of art for the new Public Safety Building, the artwork should come from a local artist.

Karen Kwon, Development Director with the Palo Alto Art Center Foundation, mentioned that before the Junior Museum and Zoo, the Palo Alto Art Center was the largest private/public capital campaign. She disclosed that the City should use creative thinking to fund the Art Center.

Mary Gloner, CEO of Project Safety Net, affirmed that the proposed budget cuts will negatively impact the welling-being of youth and children in the community.

Chair Cormack requested Staff state when the presentation was posted to the City's website.

Ms. Nose answered that the presentation was posted to the City's website 30-minutes prior to the meeting.

Chair Cormack indicated that there will be a discussion regarding the TMA on May 12, 2021 at 11:00 a.m. In terms of the public art for the police station, she shared that it is funded through the Public Art 1 Percent Program. The artist was selected by the Public Art Commission a number of years ago.

Vice Mayor Burt noticed that in the presentations, the GF is intermixed with Utilities and the Enterprise Funds. He recommended that they be separated from one another. He shared that the Transmittal Letter is an important document but the letter was confusing. Also, the budget does not address any strategic reforms but instead takes a triage approach. He recommended the City continue to work on outsourcing initiatives. One program he expressed that should be reconsidered was the TMA. He stated that the execution of the program has been flawed since the beginning and the

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financial commitments from the business community have failed and now the City is solely funding the program.

Council Member Filseth agreed that even before the pandemic, the City had significant challenges with expenses growing faster than revenues. Independent of the COVID-19 recovery, the City must reevaluate how it delivers services and he acknowledged that it will take several years. He remarked that the City should think conservatively but the City should be open and flexible if there is a chance to recover quicker.

Chair Cormack confirmed the City does have an \$8.6 million reserve established for the Utilities Transfer Litigation. Also, the City has put a freeze on employee salary raises. She appreciated Council Member Filseth's acknowledgment of the disparity between the national recovery and the City. She emphasized that Council will have to ultimately figure out how to fund community programs. She mentioned that in the FY 2021 Budget, there was funding set aside to be used for unknowns. She suggested that the Committee and Council explore that strategy again. She agreed that planning conservatively is important but cautioned that the pandemic may not be over yet. She urged community members to attend the Town Hall meeting on May 6, 2021.

Vice Mayor Burt wanted to reexamine the assumptions and how the City bridge the funding gaps. He suggested that a portion from the BSR could be one option to fill the funding gaps. He asked how much is in the BSR.

Ms. Nose stated the BSR is at 17.4 percent.

Vice Mayor Burt restated that the BSR is in the middle range in the second year of a pandemic emergency. He shared that he is open to considering pulling funds out of the BSR and moving the BSR closer to the Council-approved lower range of 15 percent. Due to the Hotel Tax taking a major hit caused by the pandemic, he concurred that investing in capital projects does not have to continue at a moderately high pace. He noticed that there has been a decline in Property Taxes.

Ms. Nose explained that the decline reflects the volatility of the Supplemental Educational Revenue Fomentation Fund (ERAF).

Vice Mayor Burt requested there be a breakdown of the basis for projecting declines in Property Taxes at a future meeting. He mentioned another potential source of funding is the Stanford University Medical Center (SUMC) Fund. He suggested further reductions in the Capital Improvement Plan and further reductions in the transfer to the plan. He asked if the funding from

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the new hotels and the incremental increase from the Hotel Tax are both part of the Transit Occupancy Tax (TOT) transfer.

Ms. Nose specified that the TOT and the new hotel funds were allocated toward the 2014 City Council Approved Infrastructure Plan.

Vice Mayor Burt supported the continuation of the incremental increase in the TOT to infrastructure. He reiterated that the City and Staff should explore other ways of generating revenue.

Council Member Filseth specified the \$8.4 million for Utilities Transfer Litigation contains a \$4 million a year transfer into the GF.

Chair Cormack asked if the \$8.4 million for Utility Transfer Litigation is a one-time expense or ongoing.

Ms. Nose explained there are two components to the Utility Transfer Litigation. One is an ongoing component which is estimated at \$4 million annually. The other component has a \$12.6 million one-time cost that has to do with past remedies. The \$8.4 million is a combination of those two components.

NO ACTION TAKEN

Future Meetings and Agendas

Kiely Nose, Administrative Services Director requested the Committee provide referrals to Staff during the budget process.

Ed Shikada, City Manager noted there have already been several referrals made to Staff from City Council and the Finance Committee. In terms of new referrals, there may need to be some funding set aside to address larger strategic issues.

Adjournment: The meeting was adjourned at 5:21 P.M.