



FINANCE COMMITTEE ACTION MINUTES

Special Meeting
May 25, 2021

The Finance Committee of the City of Palo Alto met on this date in virtual teleconference at 9:00 A.M.

Present: Burt, Cormack, Filseth

Absent:

Agenda Items

1. Discussion on the Fiscal Year (FY) 2022 Budget Wrap-Up and Recommended FY 2022 Budget for City Council Adoption.

The Finance Committee took a break at 10:31 A.M. and returned at 10:40 A.M.

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

- A. Recommend the City Council adopt the FY 2022 Operating and Capital Budgets, Municipal Fee Schedule, and approve the FY 2022-2026 Capital Improvement Plan as amended by the actions outlined in the staff report section 1 and 3 including Committee and Council tentative adjustments and staff recommended adjustments with the following additional amendments:
 - i. In the event the unallocated \$1.7 million and/or other funding adjustments remain available, place it in the Council Uncertainty Reserve and retitle the reserve to "Council Recovery Reserve";
- B. Recommend to the City Council an alternative balancing strategy to be implemented in the event the City does not achieve agreement on labor concessions. This includes amending the budget outlined in item 1 with the following additional adjustments:
 - i. Recommend the allocation of unspent funding of \$1.7 million identified on staff report page 4, in the event that the City is unable to reach agreement with City labor groups;

ACTION MINUTES

- C. Recommend the City Council refer the following items to Staff for further discussion and review subsequent to the annual budget process;
- D. Direct Staff to prepare two scenarios for refurbishing the Roth Building:
 - i. Research the feasibility of \$4 million, zero percent interest, 18-month loan from the fiber fund to the museum, with the option to be repaid by the potential federal government community infrastructure grant; and
 - ii. Utilize \$2 million in SUMC funding from the community and infrastructure funds and utilize \$350,000 in impact fees for parks for the restroom and research the possibility of reallocating parks impact fees to the Rinconada PE 08001 in lieu of community center fees.

AMENDMENT: Vice Mayor Burt moved, seconded by Council Member XX to add to the Council Recovery Reserve:

- A. \$700,000 from projected net revenue increases from the golf course from FY21 and FY22; and
- B. \$2 million for FY22 from surplus funds in the Fiber Fund, with an anticipated \$2M toward FY23 Operating Budget.

The Finance Committee took a break at 12:05 P.M. and returned at 2:00 P.M.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to update Motion Part A.i. to read, "In the event the unallocated \$1.7 million remains available place it in the budget stabilization reserve and retitle the Council Uncertainty Reserve to "Council Recovery Reserve" to be used to restore FY 2021 cuts as appropriate".

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to update Motion, Part D.i. to read, "Research the feasibility of \$4 million, zero percent interest, 18- month loan from the fiber fund to the museum, with a forgiveness option depending on receipt of Federal Government Community Project Funding".

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion, Part D.ii., "...primarily from the community and infrastructure funds...".

ACTION MINUTES

AMENDMENT RESTATED: Vice Mayor Burt moved, seconded by Council Member XX to add to the Council Recovery Reserve:

- A. \$700,000 from projected net revenue increases from the golf course from FY21 and FY22; and
- B. \$2 million for FY22 from surplus funds in the Fiber Fund, with an anticipated \$2M toward FY23 Operating Budget.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

MOTION RESTATED AS CLARIFIED BY STAFF: Chair Cormack moved, seconded by Council Member Filseth to:

- A. Recommend the City Council adopt the FY 2022 Operating and Capital Budgets, Municipal Fee Schedule, and approve the FY 2022-2026 Capital Improvement Plan as amended by the actions outlined in the staff report section 1 and 3 including Committee and Council tentative adjustments and staff recommended adjustments with the following additional amendments:
 - i. Recommend to the City Council an alternative balancing strategy to be implemented in the event the City does not achieve agreement on labor concessions by using current unallocated funds of \$1.7 million to offset the additional expense estimated at \$1.6 million in the General Fund, \$2.5 million all funds;
 - ii. In the event the unallocated \$1.7 million and/or other funding adjustments remain available, place it in the Budget Stabilization Reserve and retitle the reserve to "Council Recovery Reserve";
- B. Recommend the City Council refer the following items to Staff for further discussion and review subsequent to the annual budget process;
- C. Direct Staff to prepare two scenarios for refurbishing the Roth Building:
 - i. Research the feasibility of \$4 million, zero percent interest, 18-month loan from the fiber fund to the museum, with the option to be repaid by the potential federal government community infrastructure grant; and
 - ii. Utilize \$2 million in SUMC funding from the community and infrastructure funds, and utilize \$350,000 in impact fees for parks

ACTION MINUTES

for the restroom and research the possibility of reallocating parks impact fees to the Rinconada PE 08001 in lieu of community center fees.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to Motion, Part C.ii., "...community center fees, else use \$1.65 million in Community Center Fees and defund the Rinconada Park Program".

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from the Motion, Motion, Part B.

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

- A. Recommend the City Council adopt the FY 2022 Operating and Capital Budgets, Municipal Fee Schedule, and approve the FY 2022-2026 Capital Improvement Plan as amended by the actions outlined in the staff report section 1 and 3 including Committee and Council tentative adjustments and staff recommended adjustments with the following additional amendments:
 - i. Recommend to the City Council an alternative balancing strategy to be implemented in the event the City does not achieve agreement on labor concessions by using current unallocated funds of \$1.7 million to offset the additional expense estimated at \$1.6 million in the General Fund, \$2.5 million all funds;
 - ii. In the event the unallocated \$1.7 million and/or other funding adjustments remain available, place it in the Budget Stabilization Reserve and retitle the reserve to "Council Recovery Reserve";
- B. Direct Staff to prepare two scenarios for refurbishing the Roth Building
 - i. Research the feasibility of \$4 million, zero percent interest, 18-month loan from the fiber fund to the museum, with the option to be repaid by the potential federal government community infrastructure grant; and
 - ii. Utilize \$2 million in SUMC funding from the community and infrastructure funds, and utilize \$350,000 in impact fees for parks for the restroom and research the possibility of reallocating parks impact fees to the Rinconada PE 08001 in lieu of community center fees, else use \$1.65 million in Community Center Fees and defund the Rinconada Park Program.

ACTION MINUTES

MOTION AS AMENDED PASSED: 2-1 Burt no

Oral Communications

None

Adjournment: The meeting was adjourned at 2:47 P.M.