



POLICY AND SERVICES COMMITTEE

Regular Meeting
March 9, 2010

Chairperson Yeh called the meeting to order at 7:05 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Yeh (Chair), Holman, Price, Shepherd

Absent: none

1. Oral Communications

2. Discussion and Potential Recommendations on Colleagues' Memorandum Related to Infrastructure Blue Ribbon Commission.

Herb Borock, PO Box 632 spoke regarding the task force being formed subject to the Brown Act. He said that the Blue Ribbon Commission, as well as any sub-committees formed should be subject to the Brown Act.

City Manager James Keene summarized the Colleagues Memo from the previous night's City Council Meeting. He reminded the Committee that under Council procedures, the colleague's memo should be provided to the City Manager while in draft form. Typically, if an item goes to Council with a service impact, the Council could not approve the memo until a subsequent meeting to allow Staff to comment. The previous night was atypical. The impetus for the memo was a significant infrastructure backlog of about \$500 million. A citizen's task force would be formed to determine if that was correct, and what the City should do about it. If there were to be a bond measure the memo assumes that the earliest it could be up for public vote would be the November 2011 election. The memo built three target dates into the schedule. One was the Policy and Services Committee to return to the Council by April 5, 2010 with their recommendations. Secondly, the task force could be convened and appointed no later than May 1, 2010, completing its work by February 28, 2011. It would be difficult to do the task force work starting May 1, 2010 because the Staff that would have to support the process and the meetings, would be the same

Staff that were engaged with Finance and Council on the 2011 budget preparations.

Council Member Price said that given the entire workload with budget, labor negotiations, High Speed Rail, and everything else, true implementation of the task force should be considered after the adoption of the budget. With a November 2011 target date, it would take a tremendous amount of work to get it done. She said that the infrastructure issue must be addressed and if it continued to be deferred, it would only get worse.

Council Member Shepherd said this needed to be done sooner rather than later. She was concerned about an 18 member task force. It would be a challenge given the Brown Act restrictions. She suggested looking at a nine member task force, and she asked for a better understanding of infrastructure problem.

Council Member Holman said that her concerns were similar to those of Council Member Price. She said that given the current Staff workload, this was a fast timeline. She said it would be difficult to properly vet the issue. She said if the analysis was not done correctly it would not succeed.

Chair Yeh said, regarding the process of the memo, the equivalent of the memo would be all the colleagues on Policy and Services directing the Finance Committee to hold a series of budget-focused community meetings within the month of April, prior to holding the budget hearings in May. He said that it was not appropriate for one standing committee to direct another standing committee to do something. He said, regarding timing, this issue could not be divorced from some of Council's other priorities such as Economic Development and Revenue Generation. He said the bond issuance relates to how much revenue would be anticipated in the upcoming years. He said he wanted to better understand the parameters of the task force. He wanted to know what the prioritized projects were within the \$500 million. He spoke regarding setting parameters to protect Staff time in relation to this task force. He said that putting this project first, before the other already determined Council priorities, would circumvent the entire process.

Council Member Shepherd asked how much of this could get done now while preparing for the budget presentation in May.

Mr. Keene said that the focus over the next few months would be on the Operating Budget. The Capital Improvement Program was a five year plan for infrastructure which the Council would adopt. The first year of that plan would be the Capital Budget, which was the only truly funded part of that five year plan. He said that the conversations regarding the infrastructure deficit had been focused on the General Fund portion, not the Utilities portion. He said the

General Fund contribution to the CIP was around \$19 million for 2011. He said the support on the back log for the infrastructure process should be looked at separately. He said that Policy and Services was dealing with the workload issues and it would be appropriate for the task force issue to go to Policy and Services.

Council Member Holman asked the City Manager when he first saw the Colleagues Memo.

Jim said he saw it about one week prior to the meeting.

Council Member Holman said that she wanted this done right and rushing through things would lead to failure. She said that if this went to Council on April 5, 2010 and the task force was implemented the following month, there would be little opportunity to define role of the task force. She asked what the criteria for additional projects would be. There was no direction and no time to create it.

Council Member Price asked how this fit in relation to all the other things on the list. She said questions about the viability of this project must be asked and that timing and scheduling were critical. She asked what projects would not progress due to impact on Staff time if this were to move ahead. She said a statement of mission requires much work on the part of Staff prior to launching any type of blue ribbon group. She said that if this were to be explored it should have proper preparation before the launch. The dilemma was how to respond quickly, but there still would need to be discussion on how it fits given everything else. She said that to be so schedule driven that content was not reviewed properly would cause a lost element of strategy.

Council Member Holman said there had been discussion in the community regarding a Public Works Commission. She suggested that other communities may have tackled the same issues and that Palo Alto could perhaps learn from them. She asked what percentage of projects were General Fund versus Utilities.

Mr. Keene said the capital value was bigger on the Utilities side. Almost all of the General Fund projects were Public Works.

Council Member Holman asked if there was a simple and direct way to find out up-front if the public would even support a bond measure.

Assistant to the City Manager Kelly Morariu referred to the Library Bond and that preliminary polling was used to gage public opinion.

Mr. Keene said that the library needs were developed over time. He said the residents had strong opinions on infrastructure. The last National Citizen survey had two key drivers: the city street conditions and land use issues. He said that Council Member Shepherd's question about infrastructure was a good question. The community needed to understand what it meant. He added that the Policy and Services Committee could discuss this as they deemed appropriate. The obligation would be to return to the Council with a recommendation. He said it was clear that the City had an infrastructure problem that would get worse if something was not done. There were currently inadequate funding sources. He said that if a bond measure was the answer, November 2011 was the earliest possible target date. He suggested a task force could be seated in June and then they would not begin work until much later. The design for this task force could not begin until July 1, after budget adoption.

Council Member Shepherd said that, in her experience, bond measures could go quicker than it seemed they could. She suggested vetting and choosing battles properly. This process could serve to bring the community together. In a financial crisis, everyone works double time. Everything needs to go on the table, regardless of workload. She said they need to start seating people on the task force to show the public that this was being worked on.

Council Member Price asked Staff if this could be managed correctly in the next three to four months given all the other priorities.

Mr. Keene said that the infrastructure problem was critically important and they should aim for the possibility of going to the voters in the fall of 2011. That being said Staff would not be able to do any meaningful work prior to July 1. He suggested that they start, even if they do not ultimately meet the November 2011 deadline.

Ms. Morariu said that it was not just about the Public Works or Finance Staff. The whole concept was outreach. The amount of Staff time that goes into that needed to be considered and it needed to start from day one. Accomplishing that properly could be half to three quarters of the time of one Staff member.

Mr. Keene said this was more complex than the library bond issue.

Council Member Holman said the goal was an optimistic one. She asked if there was a way to get to an achievable end result without going down a long unpredictable road. The polling that was done for the public safety building was not supported. Polling was done to determine if the public would support the Art Center as part of the library bond measure and that was not supported. She asked for ideas about what areas of infrastructure the community would

support. She wanted to know if the bond measure could be targeted to an area the public would support so as not to spend too much time only to get to a no answer.

Chair Yeh said Boards and Commissions that already exist should be considered as part of this process. A Blue Ribbon Task Force would circumvent the Boards and Commissions that were already in place. The City already had a group of people in place that were subject to the Brown Act and already submit Form 700s. They have already offered their time and demonstrated their desire to help. He suggested a cross Board & Commission group, consisting of one or two Commissioners from each Board, rather than creating a new task force. He cited the example of the Utilities Advisory Commission which had adopted a review of all Utilities CIPs using a subcommittee in an effort to prioritize the CIPs. He said the Commissioners were already familiar with the issues, they were close to the departments they advised, and they understood the services. The Parks and Recreation Commission, for example, was familiar with many of the CIPs going on in parks. They were qualified to discuss which should be prioritized. He said the qualifications of the members should be considered. The City could probably issue revenue bonds without going to the voters for the Enterprise CIP. The scale would then be reduced.

Council Member Price said another option would be, to use the model Chair Yeh suggested as a core, and then add a few people with other required expertise. The time to do the problem definition and vehicles was still out there and how it fit within all the existing priorities. She said it was an intriguing idea to use resources that were already in place.

Mr. Keene said there were three needs that were identified from the memo: 1) a definition of an ability to communicate the infrastructure needs, 2) what needs to be done to fix it, which could have a whole range of recommendations, and 3) who was going to promote it - effective advocates would be needed.

Council Member Shepherd said that the memo specifically referred to vetting a bond measure which might require a different group of people than those seated on the Boards and Commissions. There were tasks that could be shaped by Board and Commission members prior to even seating a task force.

Mr. Keene said that infrastructure had a key place on the workplan matrix. It was clear that this was going to be one of the biggest initiatives in the coming year.

City Auditor Lynda Brouchoud said that an internal process would need to take place to address the prioritization of the infrastructure.

Council Member Price said that, as a follow up, they need to frame the structure of the project. Perhaps the infrastructure definition could be one of the organizing principles for 30% of the list. She asked if it could be used as an organizing principle.

Chair Yeh said an article in a recent edition of the San Francisco Chronicle was co-authored by the City of Oakland's City Auditor, Courtney Ruby, and Berkeley's City Auditor, Ann Marie Hogan. It had a basic focus on the need for elected policy makers to define core services and for them to have the political will to lead discussions that result in the service priorities being identified, even when that discussion might lead to painful cuts.

Council Member Shepherd said that identifying what could be done given the restraints they have was critical.

Council Member Holman said there were many areas where the City could run more efficiently. There was no timeline with work projects. She asked how Staff could reasonably be able to work towards having a more efficient workload.

Mr. Keene said infrastructure was easier to define than services. He said the ability to structure something with infrastructure was easier than trying to structure a whole array of services. Everything the City did had a constituency attached to it, which could create challenges when making decisions. A system would be needed to make this happen. The elected policy makers were going to have to make some difficult decisions with incomplete information.

Council Member Holman said the public would ask what was being done to make sure the same problems would not happen again.

Mr. Keene argued that it was an easier answer on capital issues than on operating issues.

Chair Yeh suggested the Committee not take a vote immediately to go back to Council. He said it would be good to see it congealed into a clearer picture to be fine-tuned by the Committee at the next meeting.

Ms. Morariu summarized by saying Council set a deadline of April 5, 2010 to get back to them. She clarified that the Committee was asking Staff for a recommendation in terms of structure and time line.

Mr. Keene suggested the Committee either schedule an additional meeting or extend the April 5 deadline.

Council Member Holman asked if Staff could come back at the next meeting with a schedule of how to frame the infrastructure cataloging before the task force starts.

Mr. Keene suggested they tell the Council that the Committee shared the belief that dealing with the infrastructure was important, and in an effort to be effective had asked the Staff to bring more information to the Committee on April 13, 2010.

Council Member Price said that it was reasonable to list the items that need to be addressed.

Ms. Morariu said there was a conflict on April 13, 2010.

Council Member Price asked if the rest of the Committee felt a need for an additional meeting. She asked if there were other deadlines that would need to be pushed out if they continued this discussion on April 13, 2010.

Chair Yeh said if it meant having more meetings he was open to it as they discussed expanding the role of the Committee.

Council Member Shepherd said it should be revisited after the next goal setting meeting.

Chair Yeh said that they need to consider the structure, scope of the task force questions, schedule, staff resources required for the task force, and how much it would cost.

3. Policy and Services Discussion and Recommendations on Committee and Council Priorities Workplans.

Assistant to the City Manager Kelly Morariu said it would be helpful to discuss the goals and the intent of the matrix with Staff.

Council Member Shepherd asked if the matrix was based on the Sunnyvale template.

Ms. Morariu said it was not. It was based on feedback from the last meeting, and much was transferred from the See It site. She asked if the matrix met what the Committee had asked for.

Chair Yeh said that the Required/Discretionary Activity column made it easy to sort. Required projects already took up most of the list, it could be easily determined what resources would be needed so the discretionary items could

be delayed. He suggested clarity with time frames. Multiyear required projects were on-going, but he asked what the time line was. He said they needed to figure out how to have the Boards and Commissions involved in a way that brought their expertise to the table, without bringing new tasks that were not in-line with the workplan.

Ms. Morariu said it did not take into account the day-to-day workload or other initiatives that were not part of the workplan but still taking Staff resources such as the Google project.

City Manager James Keene said that just because something was required did not mean it was the most important. Some items on the discretionary list might be more critical to Palo Alto than required items. At some point there may need to be more detail to the workplan to show that.

Council Member Price said under Required, some items were annual or state requirements that could not be delayed. She asked who would take the lead on determining the priorities. She said in Sunnyvale the Council had enough information to rank and vote on the order of the items. She asked if Staff was seeking the Committee's guidance on the priorities. She also asked how the Council could understand the priorities better.

Mr. Keene said Staff was better able to make these determinations at this point. The information Staff would use to make the determinations would include factoring in Council's advice.

Council Member Shepherd said the matrix needed to be trimmed down to be a more readable document. She said they needed to figure out what the valid goals were and how to accomplish them versus listing every task that ever needed to be done.

Ms. Morariu said this was just to start the conversation and did not need to be the final product.

Mr. Keene said that it was always a challenge to tailor these vehicles to meet everyone's needs. He agreed with Council Member Shepherd that it was easy to get lost in an all encompassing document. He said the See It site was easier to use. He suggested a 3D bar graph to help visualize the most critical tasks.

Council Member Shepherd asked if the workplan was final.

Ms. Morariu said that was the feedback Staff was looking for. She suggested that the Council adopt the priority strategies on the 22nd giving the Committee more time to work on the actions.

Chair Yeh said that integration with See It was critical. Council could focus on whether or not resources could be quantified through the Route 66 staff group. He envisioned a process that could be consistent for subsequent years. He said it was important to look at the critical items, then determine how much room there was for discretionary items.

Mr. Keene said that was very clear and gave Staff the framework to populate the matrix more completely. He said that once they start to get specific, it was easier to determine what must be done. He said the power was not in the matrix, but rather in the fact that Policy and Services have redefined their role as an ongoing resource for dialogue.

Council Member Price said listing the departments under resources made it more useful.

Ms. Morariu added that the process had been an interesting experiment. It had been helpful to see how projects were being promised to the community and then not delivered. She added that it would take discipline.

Council Member Holman said it could protect Staff to show what was being done.

Council Member Shepherd asked if they had a script for why the five goals were chosen for the meeting on March 22.

Ms. Morariu in the past it had been done at the Staff level.

Mr. Keene said it could not come back to the committee at this point, but if they could trust Staff to assemble the list more, it could go to Council on the 22nd. He suggested the Policy and Services Committee communicate the process to Council.

Ms. Morariu said it was important to identify the personnel involved. Not all Staff that touch a project were listed.

Council Member Holman asked if the matrix was built off of the brainstorming document.

Ms. Morariu said yes, the far right hand column showed that.

Council Member Holman said that under Land Use and Transportation there had been some words added that did not capture the levels discussed before. She said there were major issues involving transparency, effective review, and

improved project outcome. She said impact fees should be included under City Finances Full Cost Recovery.

Ms. Morariu said it could be included.

Council Member Holman asked if there were items on the list that should be categorized by preference.

Council Member Price asked if Council Member Holman was referring to a ranking system.

Council Member Holman said she was, there were some projects that should be ranked higher than others.

Council Member Shepherd said it needed to be fully completed before they could rank projects. She said that some of the projects seemed to be under different categories than they were in the See It site.

Council Member Holman said items seemed to land where they were going to happen instead of where they were goals.

Ms. Morariu said that there were key initiatives that should be on the See It site but were fit into where they could.

Council Member Shepherd said that the Development Center Restructure might go under Finance as there would be a push to make it more revenue generating.

Ms. Morariu said it's more of a management structure oversight process that would be looked at.

Council Member Holman said that there were limits to the fees that could be charge, so it's not intended to be a revenue generator.

Council Member Shepherd said that if they were trying to attract more green businesses, it should be included.

Mr. Keene said that was under Economic Development.

Ms. Morariu said it was also under Green Tech Development and Proactive Approach to Attracting Business. She said that restructuring the Development Center was more structured for the customer experience than for the revenue generation.

Council Member Shepherd asked about Review Public Private Options.

Ms. Morariu said the intent was to explore relationships with our friends groups.

Council Member Price asked about the combination between processes, values, and products. The issue of morale was critical, but it was not going to be a policy.

Ms. Morariu said the left hand column was the overall vision, but the second column was where it became actionable.

Council Member Price said it was still valuable, but differentiating between products and deliverables was important.

Council Member Price asked who had the opportunity to take the first cut at prioritizing.

Mr. Keene said that Staff would do it. The Council needed to set policy and direct Staff, but there were also times for them to leave the management to Staff.

Council Member Price asked if the next generation of the document would have some prioritizing.

Council Member Holman said it was important to make sure that the left hand column was tracking with what was in the next column. For example, she said, Process and Project Review Evaluation, the zone changes do not track on the document.

Chair Yeh asked if this was still going before Council on the 22nd.

Ms. Morariu said she thought they should get as much of it done as possible before the 22nd. The Council could focus on the higher level thoughts.

Mr. Keene said they should get as much done as they could by then.

Ms. Morariu said they could get the Council to adopt the higher level strategies.

4. Discussion for Future Meeting Schedules and Agendas Tuesday, April 13, 7:00 pm

Chair Yeh said they agreed there would not be an additional meeting in March.

Council Member Shepherd agreed.

Mr. Keene said the 13th should be fine.

Council Member Price asked if the process had been helpful.

Ms. Morariu said it was a big change for staff, but the end result would be helpful.

Mr. Keene said the Council Meetings were not an effective forum for Staff dialogue with the Council. This smaller format was more interactive.

Council Member Holman said that it's an opportunity to ask questions as well.

Chair Yeh asked what the agenda was for the 13th.

Ms. Morariu said the Stanford project was listed and the response from the Colleagues Memo and the work plan again. There was a community meeting on the budget that might be a conflict.

Mr. Keene said it was still being confirmed.

Council Member Holman asked when the Stanford Environmental Impact Report was going to be released.

Mr. Keene said he was not sure what the date was.

Council Member Price asked why it was going to both.

Mr. Keene said it would typically go to Finance, but the thought was it's a big issue for the entire Council. There may not be specific recommendations, but it's a chance to discuss it.

Council Member Holman said it would have some fiscal impact.

ADJOURNMENT: Meeting adjourned at 9:24 p.m.