



City of Palo Alto

City Council Staff Report

(ID # 12350)

Report Type: Action Items

Meeting Date: 6/7/2021

Summary Title: Council Final Review & Amendments to the Finance Committee's Recommended FY 2022 Budget

Title: City Council Review of the Finance Committee's Recommended Fiscal Year (FY) 2022 Operating & Capital Budgets and Municipal Fee Schedule; Direction to Staff Regarding Preparation of the Final Budget for Council Adoption on June 21, 2021

From: City Manager

Lead Department: Administrative Services

RECOMMENDATION

Staff recommends the City Council review the Finance Committee proposed FY 2022 Operating and Capital Budgets, and Municipal Fee schedule and provide direction on any remaining adjustments prior to final budget adoption scheduled on June 21, 2021. Specific actions for consideration include:

- 1) Review the current budget adjustments to the Fiscal Year 2022 Proposed Operating and Capital Budgets and Municipal Fee Schedule in alignment with the work completed by the Committee and Council during the month of May 2021 and provide direction on any final adjustments in preparation for City Council Adoption;
- 2) Review and accept final FY 2022-2025 Capital Improvement Plan as amended by the actions outlined in this report (as recommended by the Finance Committee and Council);
- 3) Review and accept the alternative balancing strategy in the event the City does not reach agreement with labor groups on concessions in the General Fund, that the City Council utilize current unallocated funds of \$1.7 million in the General Fund to offset the additional expense or be placed in the Budget Stabilization Reserve if remain unallocated; and
- 4) Review the Finance Committee recommended plan for funding of the ROTH building rehabilitation project and the 'additional information' section provided as requested by the Committee.

DISCUSSION

At the conclusion of the May 25, 2021 Budget Wrap-up discussion with the Finance Committee, the Committee provided a recommendation of adjustments to the FY 2022 Proposed

Operating, Capital and Municipal Fee Budgets and schedule for the City Council consideration and adoption scheduled for June 21, 2021 in alignment with the May 17, 2021 City Council direction. Staff have consolidated all actions in this memorandum for ease of the Council's final review including:

- Summary of all recommended adjustments to the budgets as approved by the City Council and or recommended by the Finance Committee,
- Additional information provided either at the request of the Council and Committee or at staff's behest, and
- Summary of budget proceedings, actions and references

In addition to these items, staff have not yet achieved agreement with any of the City's labor groups for a zero general wage increase for FY 2022, an action that cannot be taken unilaterally.

Current Status of Recommended Adjustments to Balancing Strategy Including City Council Review of Finance Committee Items

During the deliberations with the Finance Committee on May 11 and 12, the Committee reviewed the FY 2022 Operating Budget, Capital Budget, and Municipal Fees which were established based on the City Council direction to use a three to five year recovery period (aka scenario B). To balance the FY 2022 projected \$13 million gap, the Proposed Budget included \$7.7 million in net service and capital improvement investment reductions, \$1.0 million use of program specific reserves (e.g. Development Center), an assumed \$1.6 million in labor concessions, and use of \$3.1 million in ARPA funds. Based on the proposed balancing strategy and new information made available as part of the committee's deliberations, the Committee's strategy recommends restoration of proposed FY 2022 budget reductions in the following departments: Police, Library, Community Services, Fire, Planning and Development Services, and some additional in adjustments in internal services departments.

On May 17, 2021, the City Council reviewed the current progress of budget deliberations that occurred with the Finance Committee on May 11 and 12, 2021. Staff summarized these proceedings in an [at places](#) memorandum assisting in facilitation of obtaining Council feedback on the assumptions and areas for focus by the Committee in the wrap-up meeting on May 25.

The seven items that the Finance Committee highlighted for the City Council to consider and discuss at the May 17, 2021 Council update are below as modified by the City Council. The items that the City Council revised or added on May 17, 2021, are noted as "revised" or "new" in the list below:

1. Propose lowering the level of the Budget Stabilization Reserve (BSR) by \$2.5 million, below the 18.5 percent target to between 16.6 percent and 17.4 percent of estimated FY 2022 expense levels;
2. Propose a one-year solution where the City will continue to face gaps in FY 2023 if revenues do not grow faster than expenses;

3. **REVISED** Assume a 60-40 split of the receipt and appropriation of American Rescue Plan Act (ARPA) funding of \$13.7 million over a 24-month period (previously 50-50);
4. Consider a moderate increase in the Electric Utility Rate in FY 2022;
5. Request the City Council or their representatives to engage with the school board on cost sharing for services such as, but not limited to: Crossing Guards, Children’s Theatre Outreach Productions, Safe Routes to School;
6. Assume the \$1.6 million in labor concessions in the General Fund are achieved;
7. Recommend up to \$1.0 million for the City Council to increase the Uncertainty Reserve, replenish the Budget Stabilization Reserve, and/or allocate towards service restoration.
8. **NEW** Add \$565,000 for the following:
 - Outreach and Summer Hotdog Series Productions by the Children’s Theater (\$260,000)
 - Youth Connectedness Initiative (YCI) matching County funds (\$50,000)
 - Restore the Council Contingency to \$100,000 (\$75,000)
 - Increase funding to Human Services Resource Allocation Process (HSRAP) (\$150,000)
 - Restore funding for the Twilight Concert Series (\$30,000);
9. **NEW** Reduce funding to the Transportation Management Association (TMA) to \$150,000;
10. **NEW** Consider an increase to Residential Parking Permit (RPP) fees to 10 percent higher than garages and appropriate fee levels at 2019 or 2020 rates;
11. **NEW** Return in fall 2021 with a long-range plan for Capital Improvement projects in FY 2023 and beyond to adjust for changes in the budget;
12. **NEW** Direct the Finance Committee to fund the Roth Building through the combination of impact fees and Stanford University Medical Center (SUMC) funds; and
13. **NEW** Move forward with Phase 4 of the Charleston/Arastradero Project using funding Option 1 (\$1.2 million SUMC funding; \$1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and \$300,000 from various street maintenance projects).

On May 25th, the budget review returned to the Finance Committee for [Budget Wrap-Up](#). Staff summarized proceedings from all previous deliberations with the City Council and Finance Committee in the [Budget Wrap-Up Memo](#) that included recommended adjustments to the budget to date, a summary of Finance Committee and City Council referrals, additional staff recommended adjustments, additional information at the request of the City Council and Finance Committee or at staff’s behest, and a summary of all actions and references. After review of this summary and final detailed transaction adjustments, the Finance Committee moved (2-1 Burt no) 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.

The table below summarizes all General Fund actions recommended during City Council and Finance Committee meetings on May 11th, 12th, 17th, and 25th:

General Fund Adjustments	One-time \$ (savings)/cost	Ongoing \$ (savings)/cost
<i>City Council & Finance Committee Recommendations May 11, 12, 17, & 25</i>		
60-40 split of t\$13.7 million American Rescue Plan Act (ARPA) Revenues (\$8.2 million in FY 2022 and \$5.5 million in FY 2021)	(1,950,000)	750,000
Draw on unallocated “Reserve: Remaining American Recovery Act Plan (ARPA) Funding” (proposed Operating Budget page 398)	(3,192,580)	(3,192,580)
Reduce City Council Contingency (from \$125,000 to \$100,000)	(25,000)	-
Draw from Budget Stabilization Reserve (BSR) (funding level approximately 17%)	(2,500,000)	-
Children’s Theater Outreach and Summer Hotdog Series*	260,000	260,000
Twilight Concert Series	30,000	30,000
Youth Connectedness Initiative (YCI) Matching County Funds	50,000	-
Human Services Resource Allocation Process (HRSP) Funds (\$200,000 one-time, \$50,000 from SUMC)	150,000	-
Eliminate Finance Committee recommended \$125,000 to CSD at staff’s discretion*	(125,000)	-
Reduce JMZ ticket price (\$18 to \$10) and associated revenue	914,000	914,000
Restore Art Center Hours/Program/Fees	208,025	208,025

General Fund Adjustments	One-time \$ (savings)/cost	Ongoing \$ (savings)/cost
Restore CSD Admin Support	152,200	152,200
Restore Sports and Recreation Staffing	38,202	38,202
Restore JMZ Marketing (funding of \$150,000 is 75% of initial estimates)	50,000	50,000
Restore Cubberley Theatre Administration	94,123	94,123
Restore Children's Theatre Operations and production	68,224	68,224
Restore Teen Services/Use of ThinkFunds	55,209	55,209
Restore Baylands Interpretive Center Hours	15,321	15,321
Restore Cubberley Artist Studio Administration	12,173	12,173
Restore Emergency Incident Brown Out at Fire Station 2 (maintains weekday 8am to 8pm staffing)	709,000	709,000
Add Funding for Fire Equity Hiring Initiatives	50,000	-
Restore Patrol Staffing (maintains FY 2021 adopted budget staffing levels)	1,008,737	1,008,737
Restore Crossing Guard Services (maintains full funding for approx. 30 crossings)	304,310	304,310
Restore Lieutenant, previously reallocated to CMO	292,903	292,903
Restore Police Administration Programming	47,450	47,450
Restore Library Hours at College Terrace, Downtown, and Children's (Maintains FY 2021 adopted budget services of 3 days/week)	544,918	544,918
Restore Current Planning Staff	138,146	138,146
Restore Federal Lobbyist Contract Services	40,000	40,000
Restore Minutes Transcription Services	63,000	63,000
Establish a FY 2022 Council Uncertainty Reserve	500,000	-
Realign Public Works Facility and Allocated Charges	53,000	53,000
Reduce Business Registry Revenue Adjustment	82,000	82,000
Restore Purchasing 0.50 FTE Administrative Associate and realign staff resources	94,000	94,000
Restore Assistant City Attorney from underfilled Deputy City Attorney	92,000	92,000
Restore Auditor services contract (\$40,000 all funds)	30,000	30,000
Add 1.0 FTE Administrative Associate II, eliminate hourly Administrative Specialist II	68,000	68,000
Restore Recruitment support staffing	75,000	75,000
Add Technology consultant services (\$200,000 all funds)	80,000	-
Restore 1.0 FTE Facilities Technician	136,000	136,000

General Fund Adjustments	One-time \$ (savings)/cost	Ongoing \$ (savings)/cost
Reserve for administration support “ramp-up” (one-time)	300,000	-
Eliminate General Fund Transitional Reserve	(750,000)	-
TOTAL	(\$1,736,639)	\$3,233,361

* Recommend using the \$125,000 one-time funding tentatively approved by the Finance Committee on May 12 for the Community Services Department for this purpose.

Overall, this table articulates that in FY 2022, revenues and use of reserves (aka sources of funding) are expected to exceed programmed expenses (aka use of funds) by \$1.7 million. This assumes the City reaches agreement with labor groups and achieves approximately \$1.6 million in savings in the General Fund in FY 2022. In FY 2023, this articulates that additional cost, or expense of \$3.2 million would result once one-time adjustments are annualized. These excess funds totaling \$1.7 million would be returned to the Budget Stabilization Reserve if unused. The Finance Committee recommends the City Council place these excess funds into the BSR and retitle and reserve these funds as “Council Recovery Reserve.” Furthermore, if the City does not achieve agreement on labor concessions, that these remaining funds be used to offset the additional salary and benefit expense estimated at \$1.6 million in the General Fund, \$2.5 million all funds.

At the May 17 City Council meeting, staff noted that the organization has been operating with a hiring freeze and expectation for further reductions and constrained resources. Throughout the organization, including internal service departments, there is little to no staff back-up for teams and therefore limited ability to shift resources to meet service delivery. In total, the recommendations to restore approximately 20 full-time staff and 21 part-time staff will require a “ramp-up” period. With these restorations, the City is experiencing an approximate 10 percent vacancy rate in full-time staffing levels. Of the part-time staff proposed for restoration, approximately 50 percent are currently vacant. With this level of vacancies staff expect that these restorations will not be fully operational on July 1, the start of the fiscal year. Staff expect that there will be at least a three to six-month period to conduct recruitments, conduct procurement solicitations and contract reviews and operationalize these services. It is also expected that both staff and potential candidates will see some barriers and resistance to hiring as both seek to avoid any further layoffs or involuntary separations due to financial constraints in the future. This may further delay the time to provide services immediately upon adoption of this FY 2022 budget as staff work through these uncertainties.

The City Council and Finance Committee also recommended adjustments to non-General Fund activities which are summarized in full below.

Other Fund Adjustments	Fund
<i>City Council & Finance Committee Recommendations May 11, 12, 17, & 25</i>	
Add Phase 4 Charleston/Arastradero Corridor Project in CIP plan +\$3 million (offset by \$1.2 million SUMC funding; \$1.5 million from the Bike and Pedestrian Plan capital project (PL-04010); and \$0.3 million from various street maintenance projects)	Capital Improvement Fund & Stanford University Medical Center (SUMC) Fund
Adjust Commodity Purchases in Gas (decrease \$1.6 million)	Gas Operating Fund
Reduce the funding allocated to the Transportation Management Association (TMA) to \$150,000	University Avenue Parking Permit Fund
Increase CDBG annual allocation by \$7,795 to \$536,756 and allocate to Rebuilding Together Peninsula Safe at Home project (FY 2021-22 CDBG annual action plan (CMR 12014))	Community Development Block Grant (CDBG) Fund
Revise FY 2022 Gas Tax estimate down by \$132,000 and reduce the Streets Maintenance Capital Project (PE-86070) by \$132,000	State Gas Tax Fund & Capital Improvement Fund
Reclassification of 9.00 positions from a Field Service Inspector to a WGW Utilities Field Service Inspector in Utilities (arbitration decision in January 2021 (CMR 12156))	Various Utilities Funds
Fund the ROTH Building Phase 1 rehabilitation (aka “warm shell”) of 300 Homer Ave. estimated at \$4.0 to 4.5 million	To Be Determined (see below for discussion)

CAPITAL IMPROVEMENT PROGRAM (CIP) PLAN - Capital Project Reappropriations

The Municipal Code requires City Council authorization to reappropriate funds for capital projects from one year to the next. These amounts are assessed in early spring to develop the FY 2021 Proposed budget and as an amendment to the proposed budget once more refined estimates are available. These adjustments do not change the overall funding levels and “true-up” the budget to the fiscal year that activity is anticipated to occur; projects experiencing delays in the current year will have funding increased and available at the onset of FY 2022 and projects with higher than anticipated expenditure levels in the current year will have funding reduced in FY 2022. Departments have refined current year estimates and staff recommends a total of \$77.6 million to be reappropriated from FY 2021 to FY 2022 across all funds, a \$21 million increase from the \$56.6 million in the Proposed Budget. This re-review of projects results in an increase to the FY 2022 Capital Improvement Fund Budget by \$11.1 million, from \$31.7 million to \$42.8 million. These amounts supersede the reappropriations presented to the Finance Committee at the May 11 at places memo and a detailed presentation of adjustments will be included in the FY 2022 Budget Adoption staff report, tentatively scheduled for City Council review on June 21, 2021. A summary of these adjustments is presented in [Attachment A of the Budget Wrap-Up Memo](#).

Additional Information

During the various meetings with both the Finance Committee and the City Council, additional pieces of information were requested. Many of these requests have already been presented through various at places memorandum that are linked in the resource section of this document or can be found on the City's Budget website at www.cityofpaloalto.org/budget. Below are the final outstanding requests for additional information.

The Committee requested the preparation of two scenarios for refurbishing the Roth Building

- A. 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
- B. 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.

Below staff has outlined research efforts on these two scenarios thus far and notes were work continues. Updates will continually be provided as necessary. Overall, restrictions in SUMC funding, impact fee funding, and parkland dedication fee's require extensive research to ensure investments fall inline with the respective requirements. Based on initial research, the allocation requested in B will likely require reallocation and reprioritization of funding for various capital improvement projects currently planned.

A) 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

As discussed with the City Council, the City's fiber optic program is not regulated by Proposition 218 or Proposition 26, unlike the City's electric, gas, water and wastewater utilities. As a result, charges for fiber optic services are not limited to the cost of providing service, and the City is not obligated to expend revenues generated from charges to fiber customers only on provision of fiber services. The City Council has discretion to set reasonable rates for fiber services and to use excess revenues that exceed what is required to operate and maintain the system to fund general City programs or services. Prudent management suggests that sufficient funds be maintained in the Fiber Optics Fund to cover ongoing maintenance and operational needs as well as a cushion for unexpected expenses. Funding from the Fiber Optics Fund to the Roth Building rehabilitation project could be structured as an unsecured loan, provided that a viable repayment plan can be identified; alternatively, it could be structured as a grant without a repayment plan.

The Finance Committee also discussed the possibility that federal earmark funding will become available for the Roth project. The Palo Alto Museum submitted the ROTH rehabilitation project

to Representative Eshoo's office to be considered for federal earmark funding. Federal funding is not guaranteed as there are a number of projects submitted by many local jurisdictions; a decision regarding which projects will be funded will not occur until the beginning of the federal fiscal year in October 2021. A request for information has been sent to the congressional office to determine if the approval of a loan from the Fiber Optics Fund to fund the project now would preclude this project from being considered for Federal funding. An official response has not been returned. However, City Staff estimates that fully funding the ROTH rehabilitation project now, would greatly reduce the chances of the project receiving Federal funding. Staff will update the Council with any response from the congressional office once received. Should the Council choose to allocate funds from the Fiber Optics Fund to the ROTH rehabilitation project, staff would recommend a clause stipulating repayment of those funds in the event this federal financial support is approved.

B) 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.

Utilizing \$2 million of SUMC Community Health and Safety and Infrastructure and Affordable Housing Funds to Fund the ROTH Building Rehabilitation Project

In consultation with the City Attorney's Office, staff has researched the development agreement and determined the "Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing" expenditure category within the SUMC Fund is the only expenditure category eligible to fund the ROTH project. Currently, the balance of uncommitted community and infrastructure funds is \$0.84 million ([Budget Wrap-Up Memo, p. 13](#)) and is expected to be needed to offset negative balances in other categories as well.

Staff acknowledges that there are several expense categories and projects planned in FY 2022 and beyond as outlined in the update to the Finance Committee on these funds. Different expense categories have different requirements under them as outlined in the development agreement such as the Community Health and Safety category which stipulates that these funds:

"Be held in a separate account and to be distributed to selected community health programs that benefit residents of the City, which amount could be spent at the City Council's discretion in whole or in part on the Project Safety Net Program. The SUMC Parties and the City shall establish a joint committee to evaluate proposals regarding the other specific programs to receive funding, composed of two representatives selected by the SUMC Parties and two representatives selected by the City. The joint committee may choose to coordinate its efforts with the City's Human Relations Commission, and the City's representatives on the committee may be members of the Human Relations Commission. The joint committee shall make annual recommendations to the City Council regarding proposed disbursements from the Community Health and Safety

Program Fund, and the City Council shall use its reasonable discretion to decide whether to accept, reject or modify the joint committee recommendations.”

Therefore, if the Council wishes for staff to find \$2 million in eligible funding for the Roth project, additional research to reallocate existing planned SUMC expenses to alternative SUMC expense categories, non SUMC funding sources, or project cancellation would be necessary. The City may also choose to negotiate with Stanford to allow Palo Alto to adjust funding allocations by category.

As a reminder, current planned expenses in the “Infrastructure, Sustainable Neighborhoods and Communities, and Affordable Housing” category are: \$8.9 million is programmed to be expended on the Fire Station 4 Replacement (PE-18004), \$0.8 million is programmed to be expended on the New Public Safety Building (PE-15001) in FY 2021. A full list of planned expenses can be referenced here: [CMR 12233](#).

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

Due to the physical location of JMZ being inside Rinconada Park, two projects contain overlapping components of project expenses which qualify for alternative funding sources, the projects are: (1) Rinconada Park Improvements project (PE-08001) and the (2) Junior Museum Zoo (JMZ) Renovation project (AC-18001). Staff continues to research the use of restricted funds for these projects and is transmitting current findings to keep the Council up to date. Based on the characteristics of these two projects, they have the potential to incur expenses qualifying for use of fee funds in Table 1 below.

Table 1: Impact Fee Funds, and Parkland Dedication Fund

Funding Source	Eligibility	Purpose & Authority for Collection	Potential uses identified
Impact Fee - Comm. Ctr. (211)	Yes	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58	To use these funds, a project must be necessary to meet increased demand for community center facilities resulting from new development. The current nexus study identifies the JMZ as an eligible community center.
Impact Fee - Parks (210)	Maybe	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58	To use these funds, a project must be necessary to meet increased demand for park facilities resulting from new development and consistent with the uses identified in the current nexus study.
Parkland Dedication (209)	Yes	Fees on parkland dedication imposed on new residential and non-residential development. Govt Code Sec. 66477 (Quimby Act)	Parks over 15 acres eligible for citywide fees (otherwise restricted by distance). Uses include purchasing land for new parks, constructing improvements, and rehabilitating existing parks and recreational facilities (but not maintenance).

The overall project expenses for these two projects are anticipated to be \$9.3 million through FY 2021, providing resources for the build out of the new JMZ facility, temporary relocation costs, and improvements to the Rinconada Park. Of the \$9.3 million in combined support, \$5.3 million in funding was specifically allocated from the City in support of the JMZ project

(including some direct support to the Friends of the JMZ). Specifically, as part of the agreement with the Friends of the JMZ:

- City committed to fund \$4.3 million in project costs ([CMR 8851](#)) through the two capital projects, Rinconada Park Improvements project (PE-08001) and the Junior Museum Zoo (JMZ) Renovation project (AC-18001); and
- City committed an additional \$1.0 million to the Friends of the JMZ ([CMR 10748](#)).

These funds were planned to be spent through a combination of payment to the Friends of the JMZ as well as directly funding costs incurred by the City in the two capital projects.

Funding sources of the \$9.3 million investment is outlined below:

Impact Fee - Community Center	\$4.9
Capital Improvement Fund	3.7
Federal grant funding	0.5
Impact Fee - General Government Facility	0.5
Total Funding Sources	\$9.3
Total Project Costs - Rinconada & JMZ	\$9.3

In order to determine eligibility of restricted funds, staff is now breaking down the \$9.3 million into its components to determine eligibility of Parkland Dedication Funds. If possible, allocation of the remaining balance of approximately \$2 million in Parkland Dedication Funds would drain all available funds however, would potentially free up funding such as the Community Center Impact Fees for allocation to the ROTH Rehabilitation project. The amount of Community Center Impact fee funds budgeted to the Rinconada Park Improvements Project (PE-08001) is \$2.1 million. It should be noted that staff is also researching the eligibility of using Community Center Impact Fees for the Roth Building Rehabilitation project as the Roth Building was not specifically listed as part of the most recent nexus study (reviewed by the Council on April 12, 2021 ([CMR #12163](#))). For reference, in the [at places memo](#) for the Finance Committee’s review on May 25, potentially eligible Community Center Impact Fee funds reflected 19.4% of the building: community room, board room, and education spaces, or approximately \$2.3 million.

Summary of Finance Committee & City Council Review of FY 2022 Proposed Budget (Actions & References)

Action Minutes to the Finance Committee Hearings can be found on the City’s webpage here: <https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council-Standing-Committees/Finance-Committee>. In addition, throughout the Finance Committee Budget Hearings, various memoranda were distributed “At Places” in order to respond to inquiries made by the Committee or provide additional pertinent information at staff’s behest. In addition, summary presentations were given at each hearing providing high level overviews of each item. Specific meetings and reference links to materials are outlined below.

May 4, 2021 Finance Committee

Action Minutes:

- <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/finance-committee/2021/05-04-21-fcm-action-minutes.pdf>

Presentations:

- Junior Museum and Zoo (JMZ) Operating Plan:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-04-21-fcm-presentation-item-1.pdf>
- Stanford University Medical Center (SUMC) Fund Status:
<https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/sumc-ppt.-item-2-fc-5.4.21.pdf>
- FY 2022 Proposed Budget Overview:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-04-21-fcm-presentation-item-3.pdf>

Video: <https://www.youtube.com/watch?v=HPZZuhIXEB4>

May 11, 2022 Finance Committee

Action Minutes: pending

Presentations:

- FY 2021-2022 Proposed Operating and Capital Budgets:
<https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/may-12-2021/05-11-2021-fcm-budget-hearing-presentation-final.pdf>

Video: <https://www.youtube.com/watch?v=HPZZuhIXEB4>

May 12, 2022 Finance Committee

Action Minutes: pending

Presentations:

- FY 2021-2022 Proposed Operating and Capital Budgets Continuation:
https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/fcm-budget-hearings/may-12-2021/05.12.21-budget-hearing-presentation_updated.pdf

Video: <https://youtu.be/t4I5XP4jsz4>

May 17, 2022 City Council Meeting

Draft Action Minutes:

- <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2021/05-17-21-ccm-draft-action-minutes.pdf>

Presentations:

- FY 2021-2022 Finance Committee Review with City Council:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-17-21-ccm-presentation-item-11.pdf>

Video: <https://youtu.be/xcz2LMrNZlg>

May 25, 2022 Finance Committee Meeting

Action Minutes: pending

Presentations:

- FY 2021-2022 Budget Wrap-Up with Finance Committee:
<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/item-presentations/2021/05-25-21-fcm-presentation.pdf>

Video: <https://youtu.be/Bw48cZQ8lTI>

List of Supplemental Information provided during Budget Deliberations

During the Finance Committee hearings and the City Council update, staff provided additional information to Committee members to assist in the review of the Fiscal Year 2022 Proposed Budget. Below is a list of links to those memoranda:

- May 11 [At Places Memorandum: Additional Information](#)
- May 12 [At Places Memorandum: Palo Alto Transportation Management Association](#)
- May 12 [At Places Memorandum: Additional Information and Clarification](#)
- May 17 [At Places Memorandum: Continued Discussion of the Fiscal Year 2022 Budget](#)
- May 17 [At Place Memorandum: Palo Alto Museum \(PAM\) at the Roth Building](#)
- May 17 [At Place Memorandum: Budget Survey Results as of May 17th](#)
- May 25 [At Place Memorandum: Budget Wrap-up Memo](#)
- May 25 [At Place Memorandum: Budget Survey Results as of May 25th](#)

Additional Information and Clarification Memos from May 11 and 12 (provided *at staff's behest*)

In previous years, the City Council has made a variety of requests to provide context and/or additional data points of reference to aid in budget deliberations. Staff compiled and transmitted the following items at the May 11 and 12, 2021 budget meetings:

- Capital Fund reappropriations list
- Vacancy report, as of May 2021
- City's list of lease information
- Service provider spend report
- Department organization charts
- Responses to City Council questions from May 4 Overview Meeting
- Crossing Guard Locations
- Community Budget Survey Results

STAKEHOLDER ENGAGEMENT

Community Budget Survey Results

The City released an online survey on May 5, 2021 to facilitate community feedback on the FY 2022 budget, including prioritization of service areas, proposed reductions, and alternative funding sources. Results of the survey were provided to the City Council and Finance Committee throughout the budget process, at regular intervals, up through the closing of the budget survey on May 21, 2021 at 12:00PM. Final survey results are available on the City's

[Budget website](#); for ease of reference results of the Community Budget Survey can be found in these memoranda:

- May 12 [At Places Memorandum: Additional Information and Clarification](#)
- May 17 [At Place Memorandum: Budget Survey Results as of May 17th](#)
- May 25 [At Place Memorandum: Budget Survey Results as of May 25th](#)

ENVIRONMENTAL IMPACT

This action recommended is not a project for the purposes of the California Environmental Quality Act.