



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
May 4, 2020

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:05 P.M.

Participating Remotely: Cormack, DuBois, Filseth, Fine, Kniss, Kou, Tanaka

Absent:

Closed Session

1. CONFERENCE WITH LABOR NEGOTIATORS

City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Rumi Portillo, Molly Stump, Monique LeConge Ziesenhenné, Nick Raisch, Kiely Nose, Gina Roccanova)

Employee Organizations: Utilities Management and Professional Association of Palo Alto (UMPAPA); Service Employees International Union, (SEIU) Local 521; Service Employees International Union, (SEIU) Local 521, Hourly Unit; Palo Alto Police Officers Association (PAPOA); Palo Alto Fire Chiefs' Association (FCA) and Employee Organization: International Association of Fire Fighters (IAFF), Local 1319; Palo Alto Police Manager's Association (PAPMA)

Authority: Government Code Section 54957.6(a).

MOTION: Mayor Fine moved, seconded by Council Member Cormack to go into Closed Session.

MOTION PASSED: 7-0

Council went into Closed Session at 5:07 P.M.

Council returned from Closed Session at 7:38 P.M.

Mayor Fine announced no reportable action.

Mayor Fine announced that Agenda Item Number 5 had been continued to the May 18, 2020 City Council meeting.

Council Member Cormack asked if the Agenda Item would be placed on the Consent Calendar.

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Ed Shikada, City Manager replied no.

Action Item

2. Update and Discussion of the COVID-19 Health Emergency and the City's Response.

Ken Dueker, Office of Emergency Services Director reported there may be some good news about the viability of antibodies conferring immunity, and that news could alter the City's response. There was pressure to loosen restrictions in the health order and review potential actions of Bay Area counties to facilitate increased testing. He was planning for several more weeks of emergency operations. In the next two to three weeks, Staff anticipated moving from emergency operations to recovery operations.

Ed Shikada, City Manager advised that Staff at the Regional Water Quality Control Plant (RWQCP) was conducting experimental testing for COVID-19 in wastewater in order to evaluate its presence in the community and turning excess ethanol into hand sanitizer. A temporary Shared Streets Initiative was going to begin this week. The Highway 101 Bicycle/Pedestrian underpass was open temporarily. Expansion of COVID testing was underway with Stanford Health Care and Palo Alto Medical Foundation (PAMF). The Mayor submitted a letter to the County of Santa Clara (County) expressing interest in testing, contact tracing, and critical workflow. The Shelter-In-Place Order was extended to May 31, 2020 with some modifications to activities and recreational facilities. Private construction and City infrastructure projects were to resume. Open space preserves were going to be open weekdays, and sports courts, the skate park and athletic fields were to reopen. Staff was discussing reopening the golf course with the operator. Gardening and landscaping activities were allowed. Council Members Kniss and Cormack, including 54 business leaders participated in three facilitated roundtable discussions.

Council Member Kniss indicated that at the roundtables they discussed actions the City was able to take, such as: parking, continued suspension of Residential Preferential Parking Permit Programs (RPP), difficulties obtaining Federal funding, and difficulty interpreting instructions from the County. The City needed someone to work closely with businesses. The next roundtable meeting was scheduled for Thursday, May 7, 2020.

Council Member Cormack related that restaurants were selling grocery boxes, preparing food for frontline workers, and donating food to food banks and seniors. Some landlords were responsive and sympathetic to tenants' needs. Hotels were offering daily rates to people needing a quiet place to work and

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accommodations for healthcare workers. The *Palo Alto Weekly* had shifted their revenue model from paid advertising to subscriptions. Personal service businesses had to make substantial changes to reopen. Medical providers were discussing spacing and sanitation. Restaurants were discussing outdoor seating. Some businesses stated more employees would work remotely. Not all restaurants were going to reopen when allowed to do so. Supply chain, personal protective equipment (PPE), sanitation supplies and space reconfiguration were issues to be resolved.

Council Member Filseth inquired whether restrooms and drinking fountains in open space preserves would reopen.

Kristen O'Kane, Community Services Director indicated only restrooms would reopen. Water fountains and bottle filling stations were going to remain closed.

Vice Mayor DuBois suggested certain banks were better at obtaining loans for businesses. He requested an Agenda Item to discuss wearing face coverings in public. Businesses had expressed interest in the Council undoing its previous actions. The Council needed to aid businesses but they also needed to ensure their actions responded to the health emergency. He inquired about the status of golf courses in the county.

Ms. O'Kane advised that golf course activities would be severely restricted if the course reopened. She thought opening the golf course was not financially feasible under the restrictions.

Vice Mayor DuBois noted some golf courses were planning to reopen with restrictions.

Council Member Tanaka requested details about the Shared Streets Initiative.

Philip Kamhi, Chief Transportation Official indicated Staff is considering pilot programs for Bryant, Park and Ross.

Council Member Tanaka commented that other cities were reopening with requirements for face coverings and conducting random testing and contact tracing. He concurred with scheduling an Agenda Item for face coverings. He supported the City's interest in contact tracing.

Council Member Kniss reported the Board of Supervisors would announce the County employee responsible for testing the following day. She emphasized the need for testing and proposed a Council discussion regarding face coverings, contact tracing, and the City's role in testing.

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Council Member Cormack preferred to focus testing on senior facilities before businesses. She requested information about the Shared Streets Initiative.

Mr. Kamhi reported messaging was being prepared for the initiative. Streets were not going to be closed, but limited signage would discourage non-local traffic. Pedestrians and bicyclists may utilize the streets for social distancing but needed to be aware of vehicle use of the streets.

Council Member Cormack requested the rationale for selecting the three streets.

Mr. Kamhi explained that the three streets were part of the bicycle network and had low vehicle volumes and speeds so that pedestrians could safely utilize roadways for physical distancing. There was to be no enforcement.

Council Member Kou inquired about the reopening of dental offices.

Mr. Dueker indicated the County continued to discourage routine dental examinations.

Council Member Kou concurred with comments regarding face coverings. She inquired about testing discussed during the Citizen Corps Council earlier in the day.

Mr. Dueker related that one of several factors limiting widespread testing was the availability of PPE and test kit components. Currently, testing was limited to people with COVID-19 symptoms because of the scarcity of testing material.

Council Member Kou advised that PAMF and Manzanita Works were coordinating childcare for essential workers.

MOTION: Council Member Kniss moved, seconded by Council Member Tanaka to direct Staff to bring the following items for discussion at the next City Council meeting:

- A. Require face coverings;
- B. Testing in north Santa Clara County, particularly Palo Alto; and
- C. Contact tracing.

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Council Member Kniss remarked that face coverings were effective and contact tracing was extremely important.

Council Member Tanaka believed the items could hasten the reopening of businesses. Other countries began reopening successfully.

Council Member DuBois supported the Motion and inquired whether the Council would only discuss the items.

Council Member Kniss clarified that the Council would discuss expenses for testing Palo Alto residents.

Council Member Cormack asked if the requirement for face coverings would exceed the County's requirement.

Council Member Kniss indicated the Council would discuss an enforcement mechanism. The County order required face coverings except when exercising, and she wanted to enforce the requirement politically. People were more comfortable with the requirement if the City also required it.

Council Member Cormack did not understand what the City could do that the County had not.

Council Member Kniss was not sure that the County or the Palo Alto Police Department enforced the requirement. Peer or social pressure was able to lead to greater compliance. The County Public Health Officer strongly encouraged the use of face coverings.

Council Member Cormack wanted to know if tests would determine whether the Coronavirus or antibodies were present. The County was in the beginning stages of figuring out who were the correct people to conduct contact tracing, but the real issue was what happened once contacts were found. The time was not right for discussion of the items.

Council Member Kniss felt the City was behind already. The County was going to release its curriculum for contact tracers the following day, and she hoped the City was going to be involved in contact tracing.

Mayor Fine agreed with Council Member Cormack and suggested Council Members Kniss and Tanaka work with Staff to frame the discussion for the following week.

Council Member Kou felt strongly that face coverings would reduce person-to-person transmission of COVID-19. The three items complemented each other.

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Mr. Shikada advised that Staff was engaged in the topics and would support the Council's discussion.

MOTION PASSED: 7-0

Study Session

3. ~~Update to the City's Transportation Analysis Methodology to Comply With Senate Bill 743, Including use of Vehicle Miles Traveled (VMT) for California Environmental Quality Act (CEQA) Review and Level of Service (LOS) Standard for Local Transportation Analysis~~ **(THIS ITEM HAS BEEN MOVED TO LATER IN TONIGHT'S AGENDA)**

Agenda Changes, Additions and Deletions

Mayor Fine announced Agenda Item Number 3 had been moved to the end of the Agenda.

Oral Communications

David Coale remarked that the community did not want to delay action on climate change, and the Sustainability and Climate Action Plan's goals and that targets needed to be more aggressive. Approximately 10 percent of needed greenhouse gas reductions were achieved if workers continued to work at home only two days per week.

David Page, 350.org SV Palo Alto hoped the City Council would direct Staff to continue to work remotely.

Minutes Approval

4. Approval of Action Minutes for the April 13 and 20, 2020 Council Meetings.

MOTION: Council Member Cormack moved, seconded by Mayor Fine to approve the Action Minutes for the April 13 and 20, 2020 Council Meetings.

MOTION PASSED: 7-0

Consent Calendar

MOTION: Vice Mayor DuBois moved, seconded by Council Member Kniss to approve Agenda Item Numbers 6-8A.

5. ~~Adoption of Amendments to the City of Palo Alto Tobacco Retail Ordinance (Municipal Code Chapter 4.64) to Further Restrict Electronic~~

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~~Cigarette Products and Flavored Tobacco Products; Direct Staff to Discuss Amending the Tobacco Retail Permit (TRP) Agreement With the County; and Updates to Council's Previous Questions on Reducing Youth Tobacco use.~~

6. Approval of the Acceptance and Appropriation of the State of California Citizens Options for Public Safety (COPS) Funds, and Approval of a Budget Amendment (Requires 2/3 Approval) in the Supplemental Law Enforcement Services Fund.
7. Resolution 9884 Entitled, "Resolution of the Council of the City of Palo Alto Authorizing Staff to Submit a Cal OES COVID-19 Financial Assistance Application."
8. Ordinance 5496 Entitled, "Ordinance of the Council of the City of Palo Alto Temporarily Suspending the Expiration of and Automatically Extending all Planning Entitlements, Building Permits, and Building Permit Applications Valid as of March 16, 2020; the Ordinance Also Suspends and Extends Municipal Code Application Processing Timelines. This Action is Exempt from the California Environmental Quality Act (CEQA) in Accordance with CEQA Guidelines Section 15061(b)(3) (FIRST READING: April 20, 2020 PASSED 7-0)."

MOTION PASSED: 7-0

City Manager Comments

None.

Action Items

9. Adoption of a Resolution 9885 Entitled, "Resolution of the Council of the City of Palo Alto Waiving the Business Registration Fee Including Late Fees for Calendar Year 2020; Adoption of a Resolution Rescinding the Levy of Assessments for the Downtown Business Improvement District (BID) for Fiscal Year (FY) 2020; and Approval of the Reimbursement of Business Registration Fees and BID Assessments Due in 2020."

David Ramberg, Assistant Director of Administrative Services Department reported on March 23, 2020, the Council directed Staff to stop work on a Business License Tax and to present a potential waiver of the Business Registry fee. Staff proposed to waive the 2020 Business Registry fee, to rescind the 2020 Business Improvement District (BID) assessment, and to reimburse Business Registry fees and BID assessments paid to the City to

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date. Staff planned on returning to the Council at a future date with final costs.

Becky Sanders wanted to ensure the Council's actions benefited businesses.

Vice Mayor DuBois noted Staff proposed to waive the fees, but businesses were required to register. To apply for the City's grant program proposed in Agenda Item Number 11, a business needed to be registered.

MOTION: Vice Mayor DuBois moved, seconded by Council Member Tanaka to:

- A. Adopt a Resolution waiving the business registration fee (Palo Alto Municipal Code Chapter 4.60) due and payable in calendar year 2020 and waiving all late fees for the 2020 collection cycle;
- B. Adopt a Resolution rescinding the approval of the levy of assessments for the Downtown Business Improvement District (BID) for Fiscal Year 2020; and
- C. Approve the reimbursement of business registration fees and BID assessments due in 2020 that have been paid by businesses.

Vice Mayor DuBois believed the Council was trying to assist small businesses. The BID assessment was probably more significant than the Business Registry fee. This was the right thing to do.

Council Member Tanaka indicated businesses were suffering and failing. This action was able to help businesses.

Council Member Kou did not understand why the Council would waive the \$50 Business Registry Fee because it supported supplies that businesses needed to reopen. She did not support a blanket waiver of the Business Registry fee.

Council Member Cormack appreciated Staff's proposal to refund fees and assessments without requiring businesses to request refunds. This was an appropriate gesture for the Council to make.

Council Member Filseth requested the impetus for Staff's proposal.

Ed Shikada, City Manager indicated the Council directed Staff to present the proposal.

Mr. Ramberg clarified that the Council provided direction to Staff on March 23, 2020.

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Council Member Filseth asked if the BID requested the waiver and refund of assessments.

Mr. Ramberg advised that the BID had not requested the waiver and refund but supported Staff's proposal.

Council Member Filseth inquired whether not collecting the Business Registry Fee would cost the City more than collecting it.

Mr. Ramberg related that the City's vendor would not charge the City to refund Business Registry Fees.

Mayor Fine agreed that the amount was small, but the action was appropriate. The future of the BID should be discussed at a later meeting.

Council Member Kou asked if Business Registry Fees would be waived through June 30, 2020.

Mr. Ramberg explained that Business Registry Fees were due March 31, 2020, and the BID assessments were due April 13, 2020. Staff extended the deadlines to June 30, 2020 so that the Council was able to discuss waivers. All fees and assessments due in 2020 were to be waived.

Molly Stump, City Attorney clarified that the Council action was to resolve the BID assessment through June 30, 2020 only. In the next few weeks, Staff was going to present a BID assessment for 2021.

Council Member Kou asked if the Council had to reinstate the Business Registry fee for 2021.

Mr. Ramberg advised that Business Registry fees were due in 2021 without additional Council action.

MOTION PASSED: 7-0

Council took a break at 8:57 P.M. and returned at 9:07 P.M.

10. Review of the Potential Financial Scenarios Due to the Current COVID-19 Emergency and Direction to Staff on the Continued Development of the Fiscal Year (FY) 2021 Budget.

Ed Shikada, City Manager clarified that the Council would discuss financial scenarios for the fiscal year (FY) 2021 Budget. On May 11, 2020 Staff was going to return with recommendations to close the Budget gap.

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Kiely Nose, Administrative Services Director and Chief Financial Officer reported the length and depth of the health emergency and its effects on the economy were unknown. The Council was going to discuss and identify assumptions that Staff would use to modify the Proposed Budget, and subsequently Staff would present the impacts of the identified assumptions. The Council approved Budget and Fiscal Recovery Priorities that guided Staff's work. Approximately 45-50 percent of City revenues were extraordinarily impacted by the COVID-19 pandemic. Staff projected a \$20 million loss in FY 2020 revenues and \$20-\$39 million loss in FY 2021 tax revenues. Scenario A, Disaster Recovery, was no longer feasible. Based on Governor Newsom's phased reopening of businesses, reality was probably a hybrid of Scenarios B and C. Scenario B resulted in a \$21.3 million revenue loss, and Scenario C would result in a \$38.8 million revenue loss. Revenue losses changed service levels and impacted the community. As Staff received additional information, they revised financial information and updated the Council. Scenario B assumed a Shelter-In-Place Order would continue through the spring or early summer, 2020 and be followed by an economic recession. Projections for the recession were based on the Great Recession and the dot-com bust. As early as June, 2020 businesses were going to begin to reopen and rebuild the Sales Tax base. The Transient Occupancy Tax (TOT) remained sluggish initially and moved to recessionary levels during FY 2021. Scenario C assumed a Shelter-In-Place Order would be lifted in phases through 2020 and be followed by an economic recession. Staff proposed an alternative scenario in which a Shelter-In-Place Order would be lifted more quickly, and which would result in a \$30 million revenue loss. The Council was going to discuss a budget balancing overview on May 11, 2020; review the implications of proposed impacts and ground-up prioritization on May 12 and 13, 2020; discuss a final balancing strategy on May 26, 2020; and adopt a Budget on June 22, 2020.

Council Member Filseth inquired about Sales Tax and TOT data for the first and second quarters of FY 2020.

Ms. Nose advised that TOT data lagged by one to two months and Sales Tax data by a quarter.

Council Member Filseth asked if TOT data would be available in May, 2020 and Sales Tax data in June or July, 2020.

Ms. Nose replied yes.

Council Member Filseth requested the rationale for omitting charges for services from major tax revenues.

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Ms. Nose explained that Staff would use the chosen assumption to guide estimates for revenues such as charges for services, licenses, and permits and attempt to maintain the prior cost recovery levels.

Council Member Filseth inquired whether the projected revenue shortfalls for Scenarios B and C should be larger because they did not include shortfalls in charges for services.

Ms. Nose answered yes. However, some of the programs that provided services for charges achieved 100 percent cost recovery.

Council Member Kniss recalled that Property Taxes were relatively stable in the first year of the Great Recession and then decreased dramatically in the second year. She inquired whether Ms. Nose anticipated the same to occur in the current situation.

Ms. Nose did not know how Property Taxes would be affected in that Palo Alto's Property Taxes decreased 1.1 percent in 2011 and increased slightly in other years of the Great Recession. Compared to 10 percent and 14 percent increases in property values prior to the Great Recession, 2 percent growth appeared small.

Council Member Kniss asked if travel restrictions would negatively impact shopping and Sales Tax revenues at Stanford Shopping Center.

Ms. Nose agreed that Stanford Shopping Center was a destination for people living outside Palo Alto.

Council Member Kniss commented that the alternative scenario was encouraging.

Council Member Tanaka requested a comparison of projected and actual amounts for Sales Tax and TOT revenues in the first and second quarters.

Ms. Nose clarified that the mid-year Budget included financial data through December, 2019. Staff reduced TOT estimates in the mid-year Budget based on actual declines in revenue. The FY 2020 Modified Budget was adjusted for actual revenues.

Council Member Tanaka asked if Staff had contacted businesses and hotels to discuss the current levels of business.

Ms. Nose indicated Staff contacted the San Mateo Convention and Visitors Bureau (CVB) and area hotels. Staff did not contact local retailers and restaurants.

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Tarun Narayan, Treasury Manager reported 11 Palo Alto hotels, representing approximately 30 percent of all Palo Alto hotel rooms, closed. The remaining hotels reported 5 percent occupancy or occupancy decreasing toward 5 percent.

Council Member Tanaka asked if hotels had shared any projections for FY 2021.

Mr. Narayan indicated Staff had not asked about projections for FY 2021 because the lifting of restrictions on travel was unknown.

Council Member Tanaka remarked that Scenario C was similar to retailers' projections, but he felt it was optimistic. Based on information hotels had provided him, the TOT projections were low. Many businesses would not survive the Shelter-In-Place Order. He did not believe the local economy would recover quickly because of consumer sentiment and social-distancing requirements. He agreed with Council Member Filseth's request to see forecasts for all revenue sources and suggested Staff consider other cities' forecasts. Property Taxes were likely in a decline in FY 2022.

Council Member Cormack was unsure whether the analysis considered all potential changes. Business revenue was not expected to return to normal levels for quite some time, and normal was going to differ in the future. The City was dependent on visitors. Scenario C was the appropriate scenario for financial decisions for the upcoming year. She inquired about the amount the City should be saving to prepare for the California Public Employees' Retirement System (CalPERS) payment in two years.

Ms. Nose explained that the loss of CalPERS investment returns in FY 2021 was felt over a five-year period that would begin in FY 2023. The full impact of the loss was to be felt through FY 2027. CalPERS investment earnings were at 0 percent year-to-date; therefore, the City's pension payment would be approximately \$7 million in FY 2027.

Council Member Cormack asked if the \$7 million payment would be an annual payment rather than a one-time payment.

Ms. Nose responded correct.

Council Member Cormack expressed more interest in learning about the City's pension liability than the City's cost of services expenses. The reopening of Stanford University was expected to affect Sales Tax and TOT revenues.

Vice Mayor DuBois noted the scenarios table compared the FY 2020 Actual Budget and the FY 2021 Proposed Budget, which included revenue increases.

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Some of the expenses were planned but not incurred. He inquired about ways to ensure fixed Staff expenses did not exceed fees and charges revenue.

Ms. Nose indicated all Department Directors were monitoring financial information closely and actively managing their budgets.

Vice Mayor DuBois liked the scenarios and their descriptions. The TOT decrease in Scenario B was not realistic. When occupancy rates decreased, the average daily rate usually decreased as well. He inquired about a timeframe for the Council to have data that indicated the actual scenario.

Ms. Nose suggested the Council direct Staff to return to the Finance Committee or the Council to provide updated financial data within a specific timeframe. Staff typically provided quarterly updates to the Finance Committee and/or the Council.

Vice Mayor DuBois remarked that the revenue target the Council chose would determine the depth of cuts needed to balance the Budget. Half the Budget Stabilization Reserve (BSR) was backfill of the FY 2020 Budget shortfall. The Council was just beginning to understand the implications of the health emergency and was likely going to have to consider structural changes over many months. The Council needed to talk about a timeframe for replenishing reserve funds. Scenario C was not necessarily conservative but pragmatic. He was inclined to support \$35-\$40 million in Budget reductions.

Council Member Kou asked if the Sales Tax revenue included Sales Tax charged on internet sales.

Ms. Nose replied yes.

Council Member Kou assumed Scenario C included a second wave of COVID-19 in the winter and asked if Staff would present financial data regarding housing and utilities for the homeless.

Ms. Nose advised that the Council would review City expenses the following week.

Council Member Kou noted the community valued traffic and Code enforcement and Architectural Review Board (ARB) reviews, and the City needed to maintain services that improved the quality of life for residents.

Mayor Fine indicated some financial data lagged by years. Scenario C was fairly brutal for City services, and many City services were not going to survive. He hoped the Council cut the Budget intelligently and strategically.

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He inquired about a timeframe for Staff to provide additional information that was able to trigger additional Budget reductions.

Mr. Shikada felt the financial picture would be clearer for the Council in six months.

Mayor Fine asked if Staff was aware of any State or other funding that might be available to the City.

Mr. Shikada reported the Federal Government had discussed assistance for cities with populations of less than 500,000. He was not aware of any funding that the Council could count on.

Mayor Fine believed Scenario C accurately reflected the severity of impacts on the TOT and sales Tax. He had difficulty believing the Shelter-In-Place Order would remain in effect through December, 2020. He inquired about Staff's reference to Scenario B with a Tier 2 plan.

Ms. Nose explained that a Tier 1 plan covered the estimated loss of \$20 million in FY 2021. A Tier 2 plan provided an additional \$10 million in Budget cuts. While the Council was able to approve Tier 1 and Tier 2 plans, Tier 2 was triggered under certain circumstances only. Alternatively, the Council was able to direct Staff to cut \$30 million from the Budget and provide direction for the first \$10 million, which would be reinstated.

Council Member Filseth related that Scenario C was probably the most likely outcome. A 40-50 percent reduction in TOT seemed realistic under the Scenario B description.

Mayor Fine announced Agenda Item Number 3 was continued to May 18, 2020.

Council Member Tanaka felt Scenario C was the best-case scenario for the City.

MOTION: Council Member Tanaka moved, seconded by Council Member Filseth to select financial scenario C, to be used for planning and issuance of the Fiscal Year 2021 revised operating and capital budgets to be considered by the City Council during their budget deliberations beginning May 11, 2020.

Council Member Tanaka suggested the Council consider reducing the largest expenses first. A realistic scenario was to help the Council make decisions.

Vice Mayor DuBois indicated the department cuts could be 20 percent along with service reductions and increased fees. Capital projects needed to be prioritized. He expressed interest in replenishing the BSR in three to five years. A \$40 million reduction was going to significantly impact staffing. Once

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the budget was resolved, the Council was going to have to consider policy changes.

Council Member Cormack noted sea level rise and grade separation was not going to disappear because the Council had to address the FY 2021 Budget. She preferred to decide which projects were cut or reduced before deciding the dollar amount of reductions.

Council Member Kniss remarked that making Budget cuts would be extremely unpleasant. She inquired about the process for the Council to receive public testimony.

Mr. Shikada added that messaging would be increased to encourage public input.

Council Member Kniss asked if the Council could meet in Council Chambers in June, 2020 if the Shelter-In-Place Order was lifted to allow in-person meetings with appropriate social distancing.

Mr. Shikada responded sure.

Council Member Kniss felt public input would be especially important as the Council considered cutting budgets for public safety and children's programming.

Council Member Kou requested Staff engage Palo Alto Unified School District (PAUSD) before the next Council meeting.

Mayor Fine agreed that the narrative for Scenario B was logical, but Scenario C provided more realistic financial impacts. All departments were going to suffer from budget cuts. Other cities did not feel budget impacts as severely as Palo Alto because they had expanded their Property Tax bases.

MOTION PASSED: 7-0

Council Member Kniss requested the dates of the upcoming Budget hearings.

Mr. Shikada responded May 11, 12, and 13, 2020 with meetings beginning at 1:00 PM.

11. Staff Update and Request for Direction on the Details of a Small Business Grant Program Including Grant Amounts, Eligibility and Selection

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Criteria, Donor Involvement, and Allocation of City Funds in the amount of \$500,000 (CMO).

Ed Shikada, City Manager reported the Council directed Staff to present a program for Council consideration. Staff requested the Council provide: 1) criteria for eligible businesses, a selection process, a grant amount, and any restrictions on purpose; 2) authorize the City Manager to select an administrator; and 3) amend the Budget to reflect grant funding. Staff recommended eligibility criteria of businesses with 1-50 regular employees, storefront businesses only, for-profit and nonprofit organizations, businesses registered with the Business Registry, businesses established in Palo Alto for at least 12 months, and a revenue loss of at least 25 percent due to the health emergency. Staff proposed eligible businesses submit applications and receive lottery numbers, grant amounts in a maximum amount of \$10,000 and no restrictions on the use of funds.

Mayor Fine disclosed his employment with a Palo Alto business that had more than 50 employees and that would not be eligible for a grant.

Council Member Cormack had nothing to disclose.

Vice Mayor DuBois disclosed his employment with a company employing more than 50,000 people.

Council Member Filseth had nothing to disclose.

Council Member Kniss had nothing to disclose.

Council Member Kou, as an independent Realtor, had nothing to disclose.

Council Member Tanaka disclosed that his business was not a storefront business.

Molly Stump, City Attorney advised that State law prohibited Council Members or their spouses from participating in the grant program.

Council Member Kniss indicated the Community Foundation sought help in distributing donations to nonprofit agencies. She proposed limiting the grant program to for-profit businesses and setting the grant amount for all businesses at \$10,000.

Vice Mayor DuBois noted a suggestion from a member of the public to form a group to review applications and use of grants. He concurred with limiting the program to for-profit businesses and setting the grant amount at two months of operating expenses or a maximum of \$10,000. He questioned whether

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businesses would have sufficient time to register with the Business Registry prior to May 11, 2020.

Council Member Tanaka concurred with the general structure of the program and comments to remove nonprofit agencies from eligibility and to form an Oversight Committee.

MOTION: Council Member Tanaka moved, seconded by Mayor Fine to:

- A. Select the following criteria for businesses to qualify:
 - i. 1 - 50 employees;
 - ii. Storefront businesses only;
 - iii. For-profit businesses only;
 - iv. Registered as a Palo Alto business;
 - v. Established at least twelve months; and
 - vi. Loss of ≥ 25 percent revenue due to Coronavirus public health emergency.
- B. Lottery selection method from among qualified businesses;
- C. Grant amount $\leq \$10,000$; to cover two months of costs. Allow business discretion in how funds are spent;
- D. Authorize City Manager to choose a grant administrator and donation partner; and
- E. Amend the budget to allocate \$500,000.

Mayor Fine believed supporting Palo Alto businesses was the right thing to do and concurred with inquiring about the use of grant funds.

Council Member Cormack supported the Motion because of the unusual times and the range of problems facing businesses. A nonprofit organization with a storefront needed to be able to apply for a grant. A Selection Committee was going to introduce bias and cause delay. She was not going to support the program as proposed.

Council Member Kou asked if the donation partner would seek donations for the grant program.

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Mr. Shikada clarified that the donation partner would act as a clearinghouse for marketing the program and receiving donations. It was possible for the donation partner to be the Palo Alto Chamber of Commerce.

Council Member Kou shared the results of Supervisor Simitian's poll. The community was greatly concerned about local businesses.

Council Member Kniss asked if City Staff would administer the program.

Mr. Shikada replied yes. Staff was working with the Chamber of Commerce to structure oversight of the program.

Council Member Filseth was struggling with the City funding the program in light of the drastic Budget cuts.

MOTION PASSED: 5-2 Cormack, Filseth no

Study Session

~~3. Update to the City's Transportation Analysis Methodology to Comply with Senate Bill 743, Including use of Vehicle Miles Traveled (VMT) for California Environmental Quality Act (CEQA) Review and Level of Service (LOS) Standard for Local Transportation Analysis.~~

THIS ITEM MOVED TO MAY 18, 2020 COUNCIL MEETING.

Council Member Questions, Comments and Announcements

Ed Shikada, City Manager summarized William Warrior's 40 years of service to the City of Palo Alto upon his retirement.

Mayor Fine thanked Mr. Warrior for his decades of service.

Council Member Kou requested updates regarding Senate Bill (SB) 902, Assembly Bill (AB) 3173, AB 1279, and AB 725 and Plan Bay Area 2050. May was Asian-Pacific-American Heritage Month. Muslims were celebrating Ramadan.

Vice Mayor DuBois advised that the California Avenue farmers market reopened, and customers were following social-distancing protocols.

Mayor Fine indicated California High Speed Rail published their Environmental Impact Report (EIR) for the northern segment.

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