



# CITY COUNCIL SUMMARY MINUTES

The City Council and the Public Improvement Corporation of the City of Palo Alto met on this date in virtual teleconference at 5:01 P.M.

Present: Burt, Cormack, DuBois, Filseth, Kou, Stone, Tanaka

Absent: None

## CALL TO ORDER

## CLOSED SESSION

## PUBLIC COMMENT:

Rebecca Eisenberg referenced Herb Borock's letter dated April 30, 2022 which urged Council to reject Staff's recommendation to negotiate with the Sobrato Organization. She noted the Planning and Development Services Department often gave the impression that they were speaking on behalf of the developer. She encouraged a more transparent process.

**MOTION:** Mayor Burt motioned, seconded by Council Member Dubois to adjourn to Closed Session.

## **MOTION PASSED: 7-0**

1. CONFERENCE WITH CITY ATTORNEY-POTENTIAL LITIGATION  
Subject: Threatened litigation regarding interpretation and application of non-conforming use provisions for 340 Portage and associated addresses, as set forth in September 10, 2021 letter from Sobrato Organization Authority: Potential Exposure to Litigation Under Government Code Section 54956.9(d)(2) One Case, as Defendant

Mayor Burt announced there was no reportable action.

## SPECIAL ORDER OF THE DAY

2. Appointment of Candidates for the Parks and Recreation Commission

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First Round of voting for one partial term position on the Parks and Recreation Commission ending March 31, 2023.

City Clerk Lesley Milton reported Council held a special meeting and interviewed all of the candidates for the Parks and Recreation Commission. The appointee would fill one partial term and the term ended on March 31, 2023.

Lester Ezrati:

Jason Schmidt: Cormack, Tanaka

Joy Oche: Burt, Stone

Mark Weiss:

Eve Klein: Kou, DuBois, Filseth

**No Candidate received four votes required to be appointed to the full-term expiring March 31, 2023.**

Second Round of voting for one partial term position on the Parks and Recreation Commission ending March 31, 2023.

Jason Schmidt: Tanaka,

Joy Oche: Cormack, Burt, Stone,

Eve Klein: Filseth, DuBois, Kou

**No Candidate received four votes required to be appointed to the full-term expiring March 31, 2023.**

Third Round of voting for one partial term position on the Parks and Recreation Commission ending March 31, 2023.

Joy Oche: Burt, Cormack, Filseth, Stone, Tanaka, Kou

Eve Klein: DuBois

**Candidate Joy Oche receiving 6 votes is appointed to the full-term expiring March 31, 2023.**

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## RECESS FOR COUNCIL MEETING AND CALL TO ORDER PUBLIC IMPROVEMENT CORPORATION

The Board of Directors for the Palo Alto Public Improvement Corporation was called to order at 9:07 PM

### 3. Approval of Fiscal Year 2021 Palo Alto Public Improvement Corporation's Annual Financial Statement

Administrative Services Director Kiley Nose reported the Public Improvement Corporation (PIC) was a non-profit led by the City. PIC enabled the City to issue Certificates of Participation (COP) to fund the Capital Improvement Program (CIP). There were three outstanding COP equating to \$146.5 million in outstanding principal. The most recent COP issued was for the Public Safety Building.

PUBLIC COMMENT: None

Board Member Cormack stated the documents were consistent with the work that had been undertaken by the Council on behalf of the community.

**MOTION:** Board Member Cormack motioned, seconded by Mayor Burt to approve the Fiscal Year (FY) 2021 Annual Financial Report for the Palo Alto Public Improvement Corporation.

**MOTION PASSED: 6-1, Tanaka no**

ADJOURN PUBLIC IMPROVEMENT CORPORATION AND RECONVENE COUNCIL MEETING

## STUDY SESSION

### 4. Fiscal Year 2023 Proposed Budget Study Session

City Manager Ed Shikada stated the Fiscal Year (FY) 2023 Proposed Budget represented a recovery and transition from the COVID-19 Pandemic. The Proposed Budget included Council's previous direction that the long-range financial forecast assume a conservative recovery estimate over the next 3- to 5-years. Also, it reflected a more rapid investment in services and support for the workforce. During FY 2023, Council will consider funding for affordable housing and grade separations. The Proposed Operating Budget totaled \$934.2 million with \$247.2 in the General Fund (GF), \$351.8 million in the Proposed Capital Budget and \$789.0 million over the five-year Capital Improvement Program (CIP). The Proposed Budget

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included the addition of 38.85 Full-Time Equivalent (FTE) positions which totaled to 1,015 FTE positions Citywide. The Proposed Budget attempted to balance the pace of alignment of resources with the pace of recovery. Also, it recognized the use of one-time funding to facilitate priority service enhancements that were identified. On May 24, 2022, Finance Committee will receive the final revised balancing strategy and then Staff will present the item to Council on June 20, 2022. The Council and the Finance Committee continued to monitor over the past 6-months the City's financial conditions. The City had been having a more comprehensive discussion in parallel regarding long-term fiscal sustainability. The discussions pertained to the affirmation of the current natural Gas Utility Transfer as well as the implementation of a Business Tax. The Council continued to evaluate and consider placing both measures on the November 2022 ballot. Staff conducted a robust community engagement process about the ballot measures through surveys, polling, and online feedback.

Administrative Services Director Kiley Nose remarked the City's largest revenue source was net sales and other revenues. The Citywide expenses totaled \$934.2 million with the CIP being the largest expense and then salary and benefits. The Proposed Budget included 551 FTE in the General Fund. The Council approved in FY 2022 \$6.6 million in ongoing resources which included \$3.2 million in the GF. This equated to a net addition of 20 FTE positions and three part-time positions with 12.66 being in the GF. The Council reviewed and approved the FY 2023 GF Long Range Financial Forecast in January 2022. The financial forecast did not include restorations of any services. The GF Budget totaled \$247.2 million which was partially funded by the use of reserves. Property Tax, Sales Tax, and Transient Occupancy Tax (TOT) remained the top three tax revenues for the City. Staff continued to track, monitor and update the GF revenues when new data points became available. Tax revenues had increased by \$4 to \$5 million and the proposed revenue was \$3.6 million higher than estimated in the Long Range Financial Forecast. The primary portion of City expenses were invested in public safety and community and library services. One-time funding equated to a \$14 million surplus from FY 2022. The FY 2023 Proposed Budget recommended that \$8.9 million of the surplus be used for service investment over a 2-year period and a \$5 million contribution to the Budget Stabilization Reserve (BSR). The Proposed Operating Budget proposed to continue the investment in the neighborhood community and library services, address Staffing concerns in public safety, investments in several key areas for planning and transportation, investments in infrastructure and environment, and restoration of internal services/appointees. Non-departmental impacts included the inclusion of the American Rescue Plan Act (ARPA) revenue,

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the reserve for the Utility Transfer litigation, FY 2023 restorations, the Supplemental Pension Trust, the reserve for Project HomeKey and the reserve for labor and inflation. Staff recommended 2-year funding for restoration of services. The Proposed Budget included 23 FTE with five part-time positions. The 5-years CIP Plan showed a significant increase from FY 2022 due to the investment in the Regional Water Quality Control Plant. The largest expense in the 5-year CIP Plan was the Enterprise Fund and then the Capital Project Fund. The City took a significant reduction in capital funding during the COVID-19 Pandemic but the funds were slowly growing back. The 2023 Capital Improvement Fund revenues equated to \$82 million with the greatest revenue coming from the fund balance and reserves. Staff was seeking additional feedback on the budget strategies as well as the review process moving forward.

## PUBLIC COMMENT:

Rebecca Eisenberg strongly recommended Council implement a progressive Business Tax which could be used to restore all the services that were eliminated during the pandemic.

Mora Oommen, Executive Director of Youth Community Service (YCS), highlighted the work done through the Youth Connective Initiative and urged Council to reinstate the funding for the program.

Aram James wanted a review of the Palo Alto Police Department' K-9 Unit budget and how much the City spent on tasers. He urged Council to restore services for mental health.

Linda Lenoir, a Board Member of YCS, noticed there was no budget proposed for teen and youth services in the FY 2023 Proposed Budget. She emphasized the importance of the feeling of connectedness among the youth.

Bob Moss (In-person) recommended the City start setting aside funding for grade separations. He encouraged the City to advocate to the State of California for a portion of the State's surplus. Also, he encouraged the City to hire more City Staff skilled in mental health support.

Helene Grossman thanked the City for adding another Code Enforcement Officer. She encouraged Council to provide funding for public education about gas-powered leaf blowers and implement a trade-in program.

Matt Schlegel was proud that Palo Alto recognized the urgent need for a fossil-fuel-free future. He encouraged the City to quicken its pace to reach

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its greenhouse gas emissions reduction goal of 80 percent by the year 2030 (80x30).

Mayor Burt asked if the Council wanted to have a check-in after the Finance Committee did its first evaluation of the FY 2023 Proposed Budget. He encouraged Council to discuss whether to use surplus funds over 2 years for additional Staff restoration.

Council Member Filseth pointed out there was a decrease in expenditures of \$2 million between the FY 2022 Adopted Budget and the FY 2022 Projected Budget.

Ms. Nose stated the savings was from vacant Staff positions.

Council Member Cormack asked what would it take to accelerate the recovery and restoration of the GF transfer to the CIP Fund.

Ms. Nose confirmed the FY 2023 Proposed Budget assumed a 4-year recovery and restoration period but Council could change it. Any surplus after the BSR reached target levels could be moved to the Pension Trust Fund or the CIP Fund.

Council Member Cormack inquired what would happen if the Gas Utility Transfer was reaffirmed.

Ms. Nose answered Staff would return to Council with budget adjustments.

Council Member Cormack wanted to understand the probability of the City receiving \$10 million from the TOT.

Ms. Nose remarked the estimation reflected the trends but agreed there were many moving parts.

Council Member Cormack asked if the City would continue to use contractors in the interim until Staff positions were filled.

Ms. Nose articulated the Budget assumed full funding which gave departments flexibility to hire contractors.

Mr. Shikada noted the Planning and Development Services Department was pursuing the use of overtime as a way of bridging capacity.

Ms. Nose reminded the Council that they did approve new labor contracts after the estimates and so the expenditure difference for FY 2022 had decreased.

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Council Member Cormack noticed the Newell Street Bridge estimates were the same figures at prior years and believed they should be higher. Also, there was no funding for Ramos Park. She asked if the design was completed for Fire Station #4. The Baylands Levy Repair should be aligned with the Valley Water title gate closures. She was surprised to see no expenditures listed for technology in the outer years.

Council Member Stone wanted to understand how a possible short-term recession was contemplated in the FY 2023 Proposed Budget and projections.

Ms. Nose explained Staff tried to acknowledge all the variables at play and hedge them as part of the Budget.

Council Member Stone remarked the Budget included 23 FTE for the 2-year transitional phase. He asked what departments were those positions located in.

Ms. Nose confirmed the positions were scattered among the different departments.

Council Member Stone understood those positions were temporary unless the ballot measures passed.

Ms. Nose explained if the ballot measures passed, Council could continue to fund the positions or the Council could reevaluate the positions.

Council Member Stone recommended that point be made clear in engagement with the public about the ballot measures. Regarding the transmittal letter stating favorable construction market pricing, he inquired if construction costs had dropped.

Ms. Nose explained the intention was to move as quickly as possible to begin construction projects before prices increased further.

Council Member DuBois invited Staff to explain the impacts of the California Public Employees Retirement System (CalPERS) Discount Rate going from 6.2 percent to 5.3 percent. He understood the impact of the change in the Discount Rate was it took money away from the Budget and placed it in the Trust to pay future pensions.

Ms. Nose answered that is correct.

Mayor Burt articulated that the surplus was very heavily weighed by the significant investment proposal for the Waste Water Treatment Plant. He asked what the cost was for the Waste Water Treatment Plant

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improvements. He noted the cost was shared between Palo Alto and five other agencies.

Ms. Nose stated the cost was \$167.8 million.

Mayor Burt affirmed that level of investment was long overdue. He asked if all the funds would be spent in FY 2023.

Ms. Nose believed the investment would be encumbered.

Mayor Burt understood the Long Range Financial Forecast reflected the year those funds were encumbered as opposed to the year the funds were spent.

Ms. Nose concurred.

Mayor Burt confirmed during the mid-year Budget review the Council authorized several Staff positions to be restored. Those positions remained vacant due to the high competition in the market and the struggle to recruit and retain. He asked what portion of those positions were filled and what was the realistic timeframe for hiring the remaining vacant positions.

Ms. Nose did not want to speculate on the timeframe and the City continued to prioritize recruitment.

Human Resources Director Rumi Portillo added the City had hired more employees in FY 2022 compared to FY 2021. The analysis showed that the number of applicants continued to be smaller and Human Resources was having to post positions several times to the market.

Mayor Burt restated what positions were filled from the restatements made at the mid-year. He questioned whether to authorize more Staffing positions in the FY 2023 Proposed Budget when the reality was that the City was having a hard time recruiting folks.

Council Member Tanaka believed the City's daytime population was still low compared to pre-pandemic times.

Mr. Shikada stated anecdotally that was consistent with the data.

Council Member Tanaka remarked theoretically the City's services should be aligned to the number of folks using the services. He inquired if the debt services had fixed interest.

Ms. Nose believed they all had fixed interests.

Council Member Tanaka asked what the driver was for the increase in general expenses.



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Ms. Nose explained general expenses were listed in non-departmental charges.

Council Member Tanaka asked what the current inflation rate was.

Ms. Nose answered in December 2021 it was a little over 4 percent.

Council Member Tanaka remarked salary and benefits increased by 10.9 percent. He asked what the percent increase was per employee for the FY 2023 Proposed Budget compared to the FY 2022 Budget.

Ms. Nose informed she would research it.

Council Member Tanaka mentioned one of the largest increases was in the City Manager's Office.

Ms. Nose noted Council recently added two FTE for economic development and housing.

Council Member Tanaka commented there are two economic concerns. One was how much more money could the federal government print and the second was economic activity. Given the economic uncertainties, he suggested the City hire contractors or partner with neighboring Cities instead of hiring full-time Staff members.

Mr. Shikada invited Council Member Tanaka to identify specific areas and recommend the Finance Committee discuss it.

Council Member Tanaka recommended the Finance Committee identify the areas of opportunity that could be contracted out.

Mayor Burt specified many CIPs had a 50-years lifespan and were debt-financed. He encouraged the City to explore additional debt financing for major projects. The Current Debt Policy was to not exceed 10 percent of annual operating expenses. He asked for an update on debt service in relation to operating expenses.

Ms. Nose indicated Staff will research it.

Mayor Burt recommended that the information be included in the Budget strategies. He saw there was \$2 million budgeted for the Bike and Pedestrian Master Plan implementation. He asked how can the plan be implemented if it is not complete, how will be funded, and what grants was the City pursuing for the Bike and Pedestrian Master Plan.

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Ms. Nose confirmed the project was a \$5 million project over the 5-year CIP Plan with half of the funding coming from the Stanford University Medical Center (SUMC) Fund.

Chief Transportation Official Philip Kamhi mentioned the project was the implementation of the 2012 Bike and Pedestrian Master Plan. Once the Bike and Pedestrian Master Plan Update is completed, projects could be reprioritized.

Mayor Burt inquired if the Budget included funding to complete the Bike and Pedestrian Master Plan Update.

Mr. Kamhi confirmed funds were not available to fully complete the 2012 Bike and Pedestrian Master Plan. There would be an overlap between the 2012 and the updated Bike and Pedestrian Master Plan.

Mayor Burt wanted to see how much funding the 2012 Bike and Pedestrian Master Plan would need in order to complete the plan. During the grade separation discussions, there was discussion about improving bicycle access between Emerson Street and El Camino Real. He recommended the project be split into a smaller project and built back into the plan.

Mr. Kamhi noted the FY 2023 Proposed Budget was a starting point for funding. Funding from the City could be leveraged for additional funding sources.

Mayor Burt asked if the grant funds were pursued even if the project was not listed on the CIP.

Mr. Kamhi answered yes.

Mayor Burt articulated there was a significant CIP shortfall and asked how Staff worked into planning anticipated grant funding. Absent the grant funds, there appeared to be a gap that could never be filled.

Mr. Shikada explained transportation CIPs often pursued grant funding while other projects typically received funding from earmark opportunities.

Mayor Burt wanted to explore a path to integrate grant funds into the planning while still following correct accounting practices.

Mr. Shikada noted the City recently engage with a contractor to help with grants and grant administration.

Council Member Stone appreciated the cautiously optimistic viewpoint reflected in the FY 2023 Proposed Budget. He expressed confusion and

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frustration that funding for the Youth Connectiveness Initiative was not in the Budget. There were alarming trends in youth mental health and the initiative fostered stronger youth and adult relationships. He recommended Finance Committee restore the \$50,000 funding for the Youth Connectiveness Initiative. He asked if adding one FTE Code Enforcement Officer was an additional position added along with the mid-year Council direction.

Ms. Nose confirmed it was Council's direction made at mid-year.

Council Member Stone understood the historic number of positions in Code Enforcement was three.

Ms. Nose answered yes.

Council Member Stone asked if there was a discussion of bringing the Code Enforcement office back to full capacity.

Ms. Nose noted the FY 2023 Proposed Budget recommended a part-time position as well for Code Enforcement.

Planning and Transportation Director Jon Lait explained there was a retired employee who expressed interest in continuing to work but with limited hours.

Council Member Stone appreciated the approach.

Vice Mayor Kou echoed Council Member Stone's comments regarding the Youth Connectiveness Initiative. She asked what was needed to make the funding available annually.

Ms. Nose explained the Council could allocate \$50,000 as an ongoing expenditure or for the 3-year term to align with the current contract.

Vice Mayor Kou recommended Finance Committee discuss restoring funding for the Youth Connectiveness Initiative.

Council Member Cormack appreciated Staff's work and complimented them on their outline of where the money comes from and where it goes. She recommended Finance Committee discuss inflation and how to accelerate funding for the Cubberley Community Center. She supported Staff's recommendation regarding the 2-year service reinvestments, the two uses proposed for the surplus and she supported a check-in.

Council Member DuBois appreciated the trade-offs and Staff's approach to managing the transition. He believed the Council should have another mid-

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year review because the schedule was too tight to have a check-in. He requested Finance Committee explore reinstating funding for the National Citizen Survey and explore hiring Staff to work on the Downtown Plan. He wanted to understand the reason why the FY 2023 Proposed Budget did not include funding for the Youth Connectiveness initiative.

Ms. Nose explained when the program was reinstated in the year 2022, it was a one-time reinstatement.

Mr. Shikada recommended the Finance Committee discuss it in more detail.

Council Member DuBois restated he wanted to understand if there was another reason why the program was not included.

Council Member Tanaka supported Finance Committee discussing the Youth Connectiveness initiative. He recommended the Finance Committee also discuss the Mid-Town Shuttle. He inquired if funding was needed for net promoter scores.

Ms. Shikada commented the ticket tracking system was not included in the FY 2023 Proposed Budget

Ms. Nose answered Council Member Tanaka's previous question with the average salary and benefits year over year was 2.8 percent per employee.

Mayor Burt wanted to understand the reality of the City's ability to hire employees and what portion of the proposed positions would realistically be filled over the year. He questioned whether it was a wise budgeting policy to fund positions without ongoing funding identified. He believed the Documentary Transfer Tax, Property Tax, and Sales Tax revenues were well underestimated. The prospect of a recession continued to grow and the FY 2023 Proposed Budget should be cautious of that. He recommended the Finance Committee consider whether to adopt the proposed Staff positions.

Council Member Cormack asked if a stair-step strategy could be used for proposed Staff positions.

Ms. Nose explained the positions could be included in the FY 2023 Proposed Budget but not receive funding until a later date.

Council Member Cormack did not object to having Finance Committee consider it but believed delaying hiring of Staff was not in the best interest of the City.

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Council Member Tanaka agreed some of the items should be funded but also agreed the FY 2023 Proposed Budget should be conservative. He supported having the Finance Committee discuss how to balance out the risks.

Council Member Filseth stated the City had a constrained problem. The headcount in both police and fire had declined gradually but steadily. Not only did the City need to restore services lost during the pandemic but also to address structural concerns that pre-dated the pandemic. He supported Staff's recommendation for the 2-year transition.

Council Member Stone appreciated Mayor Burt's concern about the proposed Staffing positions. He was concerned about the economy as well as the polling data showing no evidence of a clear win with the ballot measures. He supported having the Finance Committee explore it further and noted the positions were critical to the community. He had no strong opinion on whether to have check-in after the Finance Committee's deliberations.

Mayor Burt announced there was no strong interest from Council in having a check-in after Finance Committee's deliberations.

## **NO ACTION TAKEN**

[The Council took a break and returned at 10:05 PM]

## **AGENDA CHANGES, ADDITIONS AND DELETIONS**

The Council deferred Item 15 to a future date.

Mayor Burt mentioned the City Manager suggested a Council Ad Hoc Committee be formed to resolve the open issues with the Junior Museum and Zoo.

City Attorney Molly Stump confirmed the Mayor had the authority to appoint an Ad Hoc Committee.

## **PUBLIC COMMENT:**

Aram James stated the City must have honest police officers in the criminal justice system. He stated he wanted to know the hiring process for the next Chief of Police. He noted the department head of Human Relations wrote him a letter and made false accusations. The letter was an attempt to chill his First Amendment advocacy.

Rebecca Eisenberg agreed with Mr. James's comments about the frustration in the community. She expressed frustration that the City could not fund

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the Youth Connectiveness Initiative but could provide \$10 million in subsidies to the Palo Alto History Museum.

## CONSENT CALENDAR

### PUBLIC COMMENT:

Aram James stated the concept of making stand-alone hate speech a misdemeanor ordinance was against the Constitution.

Rebecca Eisenberg remarked either the Agendas were intentionally made unclear or the Staff person could use lessons in writing. She strongly opposed the adoption of Item 8.

Mayor Burt inquired if Item 6 did not pass, would that delayed the approval of the balance of the recommendations.

City Attorney Stump answered yes, but the Council could pull the item and divide it into parts.

Council Member Tanaka Registered a no vote on item 9.

Mayor Burt requested to pull Item 6.

**MOTION:** Council Member Cormack motioned, seconded by Mayor Burt to approve Consent Agenda Items 5-11.

5. Approve Minutes from the April 11, 2022 City Council Meeting
6. Policy and Services Committee recommends that the City Council accept the recommendations from the September 14, 2021 and February 8, 2022 committee meetings regarding race and equity, with the following change: schedule a City Council Action Item (May 9, 2022) on whether to pursue a misdemeanor ordinance and other methods to deter hateful speech while complying with the constitution
7. Parks and Recreation Commission Recommend Adopting an Ordinance to Amend the Foothills Nature Preserve Attendance Range to 400-600 Guests
8. PUBLIC HEARING: Adoption of an Ordinance Amending Palo Alto Municipal Code (PAMC) Title 18 (Zoning), Chapters 18.04 (Definitions), 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS) Districts), 18.18 (Downtown

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Commercial (CD) Districts) and 18.30 (A) and (C) the Retail and Ground Floor Combining Districts. Environmental Review: Exempt Under California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3) until December 16, 2022.

9. Approval of Contract No. C22183462 with Macias Gini & O'Connell LLP (MGO) for External Financial Audit Services in an Amount Not to Exceed \$599,319 (Including a 10 Percent Contingency Additional Services Amount of \$54,934) Through March 31, 2025.
10. Policy and Services Committee Recommends the City Council Accept the City Auditor's Quarterly Status Report (Q2 of Fiscal Year 2021)
11. SECOND READING: Adoption of **Ordinance 5547** Amending Existing Palo Alto Municipal Code Chapter 5.30, Disposable Foodware Items and Other Disposable Products, to Comply with California Assembly Bill 1276 (Single-Use Foodware Accessories and Standard Condiments) Requiring Additional Restrictions on the Use of Disposable Foodware and Condiments (FIRST READING: April 18, 2022: PASSED 7-0)

## MOTION SPLIT FOR THE PURPOSE OF VOTING

**MOTION PASSED Items 5, 7-11: 7-0**

**MOTION PASSED Item 6: 6-1** - Tanaka no

Council Member Tanaka could not support Item 9 and encouraged the City to be cautious given the uncertain Budget situation.

## CITY MANAGER COMMENTS

City Manager Ed Shikada noted the City had been tracking an increase in COVID-19 cases as well as the approval of the vaccinations for children 6-years old and under. The Palo Alto Library hours of operation were expanded for all five library branches. Assembly Bill 481 went into effect on January 1, 2022 which allowed police agencies to use military equipment. The Palo Alto Police Department's proposed policy was posted online for public input. The Council would consider the policy no later than November 1, 2022. A waterproofing project was underway for the Civic Center Plaza. The public should expect loud noises during construction hours. On May 4, 2022, a Mitchell Park dog park community meeting was to be held virtually, on May 7, 2022 was the May Fete Parade and on May 14, 2022 was the grand opening of the Junior Museum and Zoo and Rinconada Park. Upcoming items for City Council on May 9, 2022 included the parklet



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program, a report on Palo Alto's response to hate crimes and hate incidents and potential public/private partnership with First Tee Silicon Valley.

## ACTION ITEMS

12. Adoption of **Resolution 10032** Authorizing the Issuance and Sale of One or More Series of General Obligation Refunding (Refinancing) Bonds (Election of 2008) in an Aggregate Principal Amount Not to Exceed \$58 million, and Execution of a Paying Agency Agreement, and Certain Other Related Documents and Authorizing Official Actions Related Thereto

Administrative Services Director Kiley Nose specified Staff was seeking authorization for the refunding of the library General Obligation (GO) Bond. The bonds were approved in 2008 by the voters for a maximum amount of \$76 million. The City would refund the Series 2020 A for tax-exempt in order to have a lower annual debt payment. The Series 2013 A could only be refunded at a taxable rate and the City would only pursue that if it would facilitate a savings. The proposed action would result in a 13.3 percent savings and property owners would see a reduction on their property taxes.

PUBLIC COMMENTS: None

Council Member Cormack asked if the rate per \$100,000 that an individual property owner paid decreased when the total assessed value increased.

Ms. Nose answered yes.

Council Member Cormack understood the Certificate of Participation (COP) was not included in the bonding capacity.

Manager of Treasury, Debt & Investments Tarun Narayan explained the COP were included but the GO bonds were not.

Council Member Cormack mentioned the San Francisquito Creek Joint Powers Authority was not included in the preliminary official statement.

**MOTION:** Council Member Cormack motioned, seconded by Mayor Burt to approve **Resolution 10032** to:

1. Authorize the refinancing of the outstanding Series 2010A and Series 2013A General Obligation (Library) Bonds through the issuance of tax-exempt and federally taxable General Obligation



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Bonds (Bonds) in the not to exceed amount of \$58,000,000; and

2. Approve the Paying Agency Agreement, Official Notice of Sale, Preliminary Official Statement, Irrevocable Refunding Instructions related to the Series 2010A Bonds, Escrow Deposit and Trust Agreement related to the Series 2013A Bonds Between City of Palo Alto and U.S. Bank Trust Company National Association; and authorize related documents and actions.

Council Member Cormack was grateful Staff brought the item to Council without being directed to.

Council Member Tanaka supported the proposal. He remarked interest rates were increasing and he asked how the City was able to refinance at a lower rate.

Mr. Narayan explained the current rate was set in the years 2010 and 2013. Rates were higher back then than in current times.

Council Member Tanaka wanted to understand why the City did not refinance when rates were lower.

Ms. Nose expressed it had to do with workload capacity and other priorities. Bonds must be in place for a specific length of time before they could be refinanced.

## **MOTION PASSED: 7-0**

13. Policy and Services Committee Recommends that the City Council Direct Staff to Reduce the Length of the Community Survey and Work with the Chair of the Policy & Services Committee as an Ad Hoc

Deputy City Manager Cotton Gaines disclosed at the April 12, 2022 Policy and Services Committee (P&S) meeting, the Committee discussed the survey and passed a motion with a 2-1 vote. Staff was seeking direction on if the Council was interested in shortening the survey or keeping the length as is. In the year 2020, P&S revised the survey questions.

Council Member Stone summarized that P&S voted 2-1 in support of the motion. Council Member Tanaka was interested in discontinuing the community survey and using another form to poll residents. Council Members Cormack and Stone believed there was still value in the survey but agreed that the survey was too long.

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Council Member Tanaka supported making the survey shorter and wanted to see more rapid feedback at the time of service. The survey was held annually, it took too long to receive the feedback and folks experienced survey fatigue.

Council Member DuBois stated administrating a good survey was an art and science. He believed the survey could not be shortened anymore and the length was the same as the standard survey. It was important to keep in alignment with other jurisdictions to do benchmarking. He found the data gathered in the survey extremely useful and it was the only statistically representative data available. He supported having the survey sent out annually and was hesitant to make changes to it.

Council Member Cormack added Staff used the information to formulate Key Performance Indicators (KPI) in the budget. Some of the questions were too long and she supported having the Chair of P&S review it further. She disclosed the Council had not used the data in the 4-years she had been on Council and did not support having it sent out annually.

Council Member Filseth aligned his comments with Council Member DuBois and supported having the survey be conducted annually.

Vice Mayor Kou echoed Council Member Filseth and Council Member DuBois's comment. It was valuable information and helped remind the City what areas needed improvement.

Mayor Burt explained in the past several years the Council did not have an updated survey going into the priority setting meeting. He agreed the survey was a valuable tool and supported the proposal with the caveat that any changes be done in consultation with POLCO.

PUBLIC COMMENT: None

**MOTION:** Mayor Burt motioned, seconded by Council Member DuBois to authorize the Chair of Policy & Services Committee to work with staff and POLCO to assure compatibility related to benchmarking of any revisions to the survey.

Council Member DuBois believed the motion was more about evaluation and not a reduction in length.

Council Member Stone commented that P&S's motion was meant to be more of an evaluation rather than a hard directive.

**MOTION PASSED: 7-0**

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## 14. Clarification of In-Person Attendance Protocols for Council Committees and Boards and Commissions (Continued from April 4, 2022 Meeting)

City Manager Ed Shikada noted the item was differed from a previous Agenda. The topic was a question of setting expectations for Council as it related to in-person attendance and whether Council should continue to make the findings authorized under Assembly Bill (AB) 361.

### PUBLIC COMMENTS:

Rebecca Eisenberg stated if the City were to mandate attendance of volunteers then childcare should be provided.

Council Member Cormack asked if the City allowed remote participation in Committee meetings before the pandemic.

City Attorney Molly Stump remarked there were no standing rules that addressed it and recalled there was never any remote attendance in prior years.

Council Member Cormack understood the AB 361 findings were relying on the social distancing requirements encouraged by the County Health Officer.

Ms. Stump confirmed that is correct.

Council Member Cormack inquired about Council Member Liaisons.

Ms. Stump answered the Council never made those types of rules for its Boards, Commissions or Council Liaisons.

Council Member Cormack was open to having a limited number of remote attendance for Committee meetings but did not want it to become a standard practice. With respect to AB 361, she was becoming increasingly less inclined to be able to make the findings. With respect to Boards and Commissions, the rule should be consistent and they should not be able to decide independently.

Council Member Stone wanted to be consistent on how the City policies were applied. He found it odd to have climate change as a Council priority but then create a policy that constrained remote attendance. He supported remote attendance for Council Members on Ad Hoc Committees and Council Liaisons to Boards and Commissions. He wanted to continue the current practice of capping it at five remote attendances annually for full Council

# SUMMARY MINUTES

meetings. With respect to Boards and Commissions, he did not support Council micromanaging their rules.

Council Member DuBois wanted to understand the process if the Council did not make the findings for AB 361 but wanted to continue hybrid meetings.

Ms. Stump explained the public could attend in-person or remotely. Council Members, Board and Commission Members would have to follow past practices of disclosing on the agenda the address of the remote participant. Remote participation had to be in a space that allowed for members of the public to observe the meeting.

Council Member DuBois inquired if there was a discussion about making changes to the prior rule.

Mayor Burt shared there was State legislation and the City Association had reviewed it.

Council Member DuBois recommended not making the findings for AB 361 and continue hybrid meetings. Allowing the public and consultants to participate virtually made a lot of sense. The value of being in person was very important and the tone of public comment may be different if they were in person. There needed to be consistency among the Boards and Commission and a cap on remote participation should apply to everyone.

Council Member Filseth agreed with Council Member Stone. The technology advancements supported virtual participation.

Vice Mayor Kou inquired if the City could accommodate hybrid in-person meetings for all Boards, Commissions, Committees and Council.

City Clerk Lesley Milton answered yes.

Mayor Burt acknowledged the barrier of noticing when Council Members participated virtually. The hybrid model allowed the public to attend the meetings virtually and eliminated the need to do remote noticing. He recommended three remote participations per Committee. With respect to Boards and Commissions, the City should continue with AB 361 in practice until legislation was adopted and then decide how to move forward.

Council Member Tanaka agreed with Council Member Stone. Virtual participation was more effective and more transparent. He fully supported remote meetings for Commissions, Boards and Committees. He agreed having to post the location of the remote participant was archaic.

# SUMMARY MINUTES

**MOTION:** Council Member Tanaka motioned, seconded by Mayor Burt to direct staff to continue to present the findings for AB 361 for the Council, Commissions and Boards.

Ms. Stump explained Council was providing direction on whether to continue to include the findings for AB 361 on the Agenda.

Council Member Cormack asked what the duration was for the motion.

Ms. Stump explained if a Council Member could no longer make the findings for AB 361. The Council Member should vote no, then request the item be pulled from the Consent Calendar and discuss it.

Council Member Cormack understood the Commissions and Boards could take individualized approaches to AB 361.

Ms. Stump commented City Council does not make the findings for the whole City.

Council Member Cormack remarked that made her uncomfortable.

Ms. Stump specified if any Board or Commission Member could not make the findings. They should vote no on the motion for Ab 361.

Council Member Cormack asked if Staff would return to Council for further direction once AB 361 expired or new legislation was passed.

Ms. Stump answered AB 361 did not expire until the year 2024 and Staff will advise the Council if there is a change in the law.

**PROPOSED AMENDMENT:** Council Member DuBois proposed:

- a) Council Members can participate remotely in Council Committee meetings up to 3 times per year;

**MOTION PASSED:6-1 Stone no**

- b) Board Members and Commissioners can participate remotely but are encouraged to meet in person and the Boards and Commissions should establish a remote attendance policy

**MOTION PASSED: 7-0**

Council Member Tanaka could not support the amendment. Boards and Commissions should be allowed to make their own decisions.

Vice Mayor Kou acknowledged that some Board and Commission Members were from other cities. One of her concerns was that those members did not know Palo Alto if they were not required to come to in person

# SUMMARY MINUTES

meetings. She supported encouraging Boards and Commission to attend in person.

Council Member Stone supported Item B of the amendment but not Item A.

Council Member Tanaka understood Item A would be a restriction from current practices.

Ms. Stump claimed the current practice was Council Members must attend Committee meetings in person. If they could not then they were counted as absent.

**AMENDMENT TO THE MOTION:** Council Member Tanaka motioned, seconded by Council member Filesth to allow Council members to participate remotely in Committee meetings on an unlimited basis.

Mayor Burt explained if passed, the amendment would supersede Item A of the motion.

Council Member Cormack did not support the motion.

Council Member DuBois inquired if the motion only applied when AB 361 was in effect.

Council Member Tanaka clarified it would go on indefinitely.

**MOTION FAILED: 4-3, Cormack, Burt, Kou, DuBois**

**FINAL MOTION:** Council Member Tanaka motioned, seconded by Mayor Burt to direct staff to continue to present the findings for AB 361 for the Council, Commissions and Boards and

- a) Council Members can participate remotely in Council Committee meetings up to 3 times per year;
- b) Board Members and Commissioners can participate remotely but are encouraged to meet in person and the Boards and Commissions should establish a remote attendance policy

Council Member Cormack inquired if Item A and Item B should be modified.

Ms. Stump articulated Item A was a direction to put the change in the Council's Procedures and Protocols. Item B would result in a modification to the Board and Commission Handbook.

# SUMMARY MINUTES

## **MOTION PASSED: 7-0**

### COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

Council Member DuBois shared his experiences from visiting Oaxaca. The City of Palo Alto funded an observatory and telescope to Oaxaca, provided funding for a school for abused and/or abandoned children, funded an orphanage, computers and digital learning, supplied fire trucks and provided rainwater capture systems. Oaxaca passed a resolution honoring Palo Alto as well as Mayor Burt. They discussed expanding the carbon offset program, expanding the rain capture program to schools, and participating in a sustainable greenbelt. There was a trip planned for Mayor Burt to visit several European sister cities and in the works was a trip to Palo Philippines in October of 2022. He concluded the trip was personally funded and highly recommended Council Members to attend upcoming trips.

Vice Mayor Kou remarked during the prior tax measure discussion she made comments and wanted to correct them. The Palo Alto Daily Post wrote a column, not an editorial, and the column gave constructive criticism about the tax. The column did not state whether the author was for or against the tax.

Council Member Cormack thanked Staff for the informational report, Item 16, on waste diversion and pilot project.

Mayor Burt attended the meeting regarding Stanford's Municipal Services Study and announced they will be holding a series of public meetings. A key component of the presentation was the obligation to provide municipal services by Stanford University for all of its residents and workers. Santa Clara County enforced the Tri-Party Agreement but Palo Alto was a full partner in the agreement. He encouraged the City to have stronger engagement in the matter. The study concluded that while Stanford University had strong municipal services, it did not provide transparency or accountability to its residents like a government agency did. The League of Cities was holding their Sacramento Conference in the coming week.

### CLOSED SESSION

15. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Authority: Government Code Section 54956.8 Property: 300 Homer Avenue, Assessors Parcel Number 120-17-093 Negotiating Party: Palo Alto Museum City Negotiators: Ed Shikada, Kiley Nose Subject of Potential Negotiations: lease Price and Terms of Payment

## **ITEM CONTINUED TO A FUTURE MEETING**

# SUMMARY MINUTES

ADJOURNMENT Meeting was adjourned at 11:50 PM.