



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
May 12, 2020

The City Council of the City of Palo Alto met on this date via virtual teleconference at 1:04 P.M.

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

Absent:

Oral Communications

Hal Mickelson indicated rehabilitation of the Roth Building to house the Palo Alto History Museum could be completed in phases. Library, Park, and Community Center Impact Fees were able to fund the rehabilitation.

Pat Burt encouraged the Council not to abbreviate public comments during Budget hearings.

John Shenk advocated for streamlining City processes and reducing costs for businesses.

Action Items

1. FY 2020/21 Budget Hearing – Council will be discussing the upcoming Fiscal Year Operating and Capital Budgets, Utility Rates, and Proposed Municipal Fee Schedule amendments on May 12 and May 13, 2020. This meeting will be continued to May 13, 2020 at 1:00 P.M.

Mayor Fine reported the two Agenda Items pertained to the Budget and a policy for funding pensions. The revised agenda contained links to the Operating and Capital Budget documents. He summarized the process for addressing agenda items and reviewed the protocols for the Budget hearings.

Ed Shikada, City Manager noted the Agenda included Page numbers for each Item. Monique Ziesenhenné was to notify Council Members when their allotted time for questions expired.

Council Member Cormack noted Mayor Fine did not refer to adjustments to the Operating and Capital Budgets.

FINAL MINUTES

A. Fiscal Year 2021 Budget Process Overview and Non-Departmental Section.

Kiely Nose, Chief Financial Officer and Director of Administrative Services reported the Non-Departmental section of the Budget contained expenses not attributed to specific departments, tax revenue adjustments and proposals for Citywide balancing strategies. The major changes were reductions in revenues, a reduction in the transfer to the Capital Budget, a net reduction related to the Cubberley lease, elimination of the Residential Preferential Parking Permit (RPP) Program subsidy and the Human Resources Contingency Fund, and a reduction in the City Council Contingency Fund.

Mayor Fine requested Staff summarize the anticipated outcomes for the Non-Departmental section.

Ms. Nose indicated the adjustments were based on the protocols the Council approved on May 11, 2020. The Council was able to revise or approve the adjustments.

Council Member Cormack inquired whether the proposal was not to lease portions of Palo Alto Unified School District's (PAUSD) Cubberley property to the City's existing tenants.

Ed Shikada, City Manager clarified that the City would continue to lease their Cubberley spaces to tenants. Staff was negotiating with PAUSD to rent the Cubberley theater, gym and sports fields.

Council Member Cormack inquired regarding the tenants located outside the northern wings of Cubberley.

Mr. Shikada advised that the tenants should contact PAUSD regarding leasing the spaces. Tenants occupying space on City property were to anticipate no changes. However, Staff was going to consult the City's tenants about adjusting spaces to accommodate tenants currently leasing PAUSD property.

Council Member Cormack asked about communications with Cubberley tenants.

Kristen O'Kane, Director of Community Services related that eight tenants occupied PAUSD property through month-to-month leases. The possibility of leasing from PAUSD had not been shared with the tenants. Staff was interested in offering the tenants space on City property, if space was found for them.

FINAL MINUTES

Council Member Cormack noted hundreds of thousands of people utilized Cubberley annually. She inquired about past uses of the City Council Contingency Fund.

Mr. Shikada explained that over the past few years, the Council had allocated the Contingency Fund for special needs.

Mayor Fine recalled the Council Contingency Fund being used for the 125th Anniversary celebration, a donation to the Paradise Wildfire Relief Fund, and a matching grant for Youth Community Service (YCS).

Council Member Kniss requested additional information regarding the transfer to the Capital Budget and asked if it could be handled differently.

Mr. Shikada reported the Capital transfer was discretionary and had represented a long-term strategy for investing in infrastructure. The policy decision needed to balance immediate needs with long-term investments. A reduction in the Capital transfer would set the groundwork for a two-year change in the plan for infrastructure.

Council Member Kniss remarked that over the next two years, the City needed to continue its service level as much as possible. Perhaps the infrastructure investment could be reduced a bit more.

Council Member Kou concurred with possibly reducing the infrastructure investment further. She inquired whether the Council would review each Infrastructure Project or should send Staff a list of proposed changes.

Ms. Nose indicated the Council would review the five-year Capital Improvement Plan (CIP) and proposed adjustments next.

Council Member Kou inquired about the names of the eight Cubberley tenants on PAUSD property.

Mr. Shikada advised that Staff would provide that information to the Council.

Council Member Kou noted proposals to reduce the Council Contingency Fund and to reallocate the City Attorney's Contingency Fund to the City Attorney's Budget. She inquired about the uses of the Human Services Contingency Fund of \$50,000 and the City Manager's Contingency Fund.

Ms. Nose reported the Human Services Contingency Fund was used to pilot new initiatives and to improve processes.

Mr. Shikada indicated the City Manager's Contingency Fund was used to support issues that arose during the year.

FINAL MINUTES

Ms. Nose added that it was used to fund initiatives that the Council requested but did not appropriate funding in the Budget. In the past, it was used for airplane noise and festival signage.

Council Member Kou asked if the Council should address items listed in Staff Report Number 11322, Attachment A, Exhibit 1.

Mr. Shikada noted the Council should refer to Attachment A Exhibit 1, Pages 10 and 11, which listed adjustments to the Budget document.

Vice Mayor DuBois inquired about proposals for Cubberley lease profits, whether cost recovery was going to include Staff time to manage leases.

Mr. Shikada advised that specific terms had not been discussed. Negotiations pertained to the \$2.5 million lease payment for the sports fields, theater, and gym. The leasing of PAUSD space for the childcare facility and the Junior Museum and Zoo (JMZ) was subject to negotiations and was to be an additional expense for the City.

Ms. O'Kane reported revenue was derived from leases, facility rentals and tennis courts. Leases provided approximately \$1.2 million annually, facility rentals approximately \$140,000 and the tennis courts \$10,000.

Vice Mayor DuBois asked if the terms of a new lease with PAUSD would include paying profits above \$2.75 million to PAUSD or paying any rental revenue from PAUSD property to PAUSD.

Mr. Shikada clarified that the \$2.5 million reflected the discussed transfer and was to cover all revenues and expenses.

Vice Mayor DuBois asked if planned maintenance for Cubberley was canceled.

Mr. Shikada indicated it was deferred rather than canceled.

Vice Mayor DuBois noted the total was approximately \$5.3 million, and the City was to pay PAUSD approximately \$2.8 million. He inquired whether the City would pay its rental fees to PAUSD.

Mr. Shikada answered no. Total rent paid to PAUSD was \$2.5 million. The CIP contained improvements to the Cubberley sports fields, but Staff had not discussed improvements on PAUSD property with PAUSD.

Vice Mayor DuBois asked if PAUSD might continue to lease their property to the City's eight tenants.

FINAL MINUTES

Mr. Shikada indicated it was possible, but PAUSD may need to occupy some of the space.

Vice Mayor DuBois inquired about the time to discuss the Budget Stabilization Reserve (BSR).

Ms. Nose indicated the BSR could be discussed now. In addition to Pages 10 and 11, Attachment A, Exhibit 1, Pages 22-23, listed Citywide balancing adjustments.

Vice Mayor DuBois requested the minimum balance of the BSR per policy.

Ms. Nose responded no less than 15 percent of the City's General Fund adopted expenses.

Vice Mayor DuBois inquired about the amount under the new Budget.

Ms. Nose replied \$29.3 million, and the BSR in the new Budget was going to be short approximately \$4.5 million.

Council Member Filseth asked if the eight Cubberley tenants would be displaced.

Ms. O'Kane replied that the eight tenants occupied classrooms on PAUSD property at Cubberley.

Council Member Filseth asked how much of the \$2.5 million savings would be derived from those eight tenants.

Ms. O'Kane said she would have to provide that information at a later time.

Council Member Filseth asked if it would be roughly half.

Ms. O'Kane reported it would be less than half because of the facility rentals and the JMZ's occupancy of space.

Council Member Tanaka requested Staff provide a spreadsheet of revenues and expenses for Cubberley so that Council Members could understand the economics.

Mr. Shikada explained that terms for Cubberley had not been settled. Staff informed PAUSD that the City could pay \$2.5 million.

Council Member Tanaka commented that taxpayers funded the City and PAUSD, and the proposal was not necessarily a good solution because it was a transfer of taxpayer funds. If the City wished to subsidize PAUSD, they were

FINAL MINUTES

able to provide a grant to PAUSD. The City was able to charge Cubberley tenants market rent and give them grants for the rent so that the City was able to accurately determine the revenues and expenses. He inquired about the total rentable square footage located in the City.

Ms. Nose indicated Staff had not compiled the information.

Council Member Tanaka inquired about a date the information could be available.

Ms. Nose advised that it would be available by May 26, 2020.

Council Member Tanaka noted approximately \$600,000 contained in various Contingency Funds and believed the funds were typically used for donations and not well managed. All Contingency Funds needed to be eliminated because they led to sloppy budgeting and unnecessary expenditures.

Mayor Fine requested an explanation of the CIP transfer in relation to General Fund and Transient Occupancy Tax (TOT) funding.

Ms. Nose advised that the starting point was a \$32.57 million transfer from the General Fund to the General Capital Fund. Staff proposed reducing the \$32.6 million by \$16.5 million, leaving a transfer of \$16.1 million. The \$16.5 million reduction was composed of \$8 million from the General Fund transfer and \$8.5 million from TOT revenues.

Mayor Fine clarified that Staff proposed reducing the \$32.6 million transfer from the Operating Budget to the Capital Budget to \$16.1 million. He inquired about any subsidy for the RPP Program.

Ms. Nose explained that the majority of RPP revenue was obtained through employee permit sales. Staff wished to eliminate the operating transfer and to ensure the transfer did not increase.

PARKING LOT: Mayor Fine moved, seconded by Council Member Kou, third by Council Member Cormack, to place in the Parking Lot an overview of Cubberley finances and impacts of both short-term and long-term tenants.

Mayor Fine requested a short report regarding the finances of Cubberley Community Center, an evaluation of the eight tenants, and short-term and long-term impacts.

Council Member Kou asked if there were short-term tenants located on PAUSD property at Cubberley.

FINAL MINUTES

Ms. O'Kane clarified that short-term rentals on PAUSD property typically were hourly or daily rentals.

Council Member Cormack requested an overhead map of the Cubberley site.

Vice Mayor DuBois requested a list of short-term tenants.

Vice Mayor DuBois believed the Council should have the ability to add one RPP district per year, if the community requested it. He inquired whether there were any rollovers from last year.

Ms. Nose indicated the only rollover was the Human Services Resource Allocation Process (HSRAP) Reserve.

Vice Mayor DuBois requested clarification of the Budget Operations Reserve.

Ms. Nose explained that the fund was established last year due to a number of uncertainties and had contained slightly more than \$1 million. Basically, it was a placeholder to mitigate the financial impacts of implementing new service delivery models and merging the Development Services Department with the Planning and Community Development Department.

Vice Mayor DuBois asked about the balance in the fund.

Ms. Nose reported Staff used the fund to support the lack of Fire Department medics and business relief grants, and the fund balance was minimal.

Vice Mayor DuBois requested the balance of the Sustainability Contingency Fund.

Ms. Nose indicated at the end of the Fiscal Year it would be zero.

Vice Mayor DuBois inquired about the source of the \$2.6 million transfer to infrastructure.

Ms. Nose replied that was the TOT pass-through.

Council Member Kou inquired regarding the fund for implementation costs for the balancing strategy.

Ms. Nose explained that the Reserve Fund would support implementation of balancing strategies, such as the costs of negotiating with labor groups, adjusting the Budget to new information and the timing of strategies.

Council Member Kou inquired about the purpose of the Internal Services.

FINAL MINUTES

Ms. Nose clarified that Internal Service Funds (ISF) supported the business of the City as a whole, such as workers' compensation insurance, general liability insurance, and Information Technology (IT) services. Staff was evaluating risk to determine whether the proposed savings could be achieved.

Council Member Kou asked about potential Council action on the proposals for the Section 115 Trust contribution.

Ms. Nose advised that the balancing strategy contemplated funding 50 percent of the higher normal cost as a result of the reduced discount rate.

Council Member Kou inquired regarding the amount saved by reducing the contribution.

Ms. Nose responded \$1.7 million in the General Fund and \$2-\$3 million in all funds.

MOTION: Council Member Tanaka moved, seconded by Vice Mayor DuBois to eliminate the contingency accounts.

Vice Mayor DuBois generally supported contingency accounts, but perhaps they could be eliminated for Fiscal Year (FY) 2021.

Council Member Tanaka believed the Council should budget its funds closely and accurately and explicitly authorize expenditures. The funds were able to be allocated to programs valued by the community.

Vice Mayor DuBois requested Staff's opinion of eliminating Contingency Funds and the amount saved.

Mr. Shikada indicated the total of Contingency Funds was approximately \$395,000. The City Manager Contingency Fund was spent in amounts between \$10,000 and \$30,000 for polling, Stanford programs, Neighbors Abroad, Joint Venture Silicon Valley, the Chamber of Commerce, employee appreciation programs, Ada's Café and the Cool Block Program. Without the Contingency Fund, these programs were not going to continue into FY 2021. Having flexibility to choose which of the programs in which to invest was valuable. Seeking Council authorization to expend \$10,000 or \$30,000 was likely not to occur.

Vice Mayor DuBois remarked that he supported eliminating the Contingency Funds because of the large deficit.

Philip Kamhi, Chief Transportation Official reported he would discuss administrative modifications to the RPP Program during the departmental

FINAL MINUTES

hearing. The \$185,000 subsidy represented adjustments made to achieve efficiencies.

Council Member Cormack felt retention of the City Manager Contingency Fund would allow Staff a small opportunity to make changes during the year.

Vice Mayor DuBois suggested reducing all Contingency Funds by half rather than retaining the City Manager Contingency Fund.

Council Member Cormack preferred to retain the City Manager Contingency Fund as the Council entrusted the City Manager with decisions across all departments.

Council Member Tanaka asked if the expenditures from the City Manager Contingency Fund occurred regularly.

Mr. Shikada indicated expenditures varied. Most expenditures were not ongoing, but expenditures for membership in Joint Ventures Silicon Valley and participation in Leadership Palo Alto had occurred in each of the last several years. He supported Council Member Cormack's suggestion because losing all flexibility affected Staff's ability to adjust to issues.

Council Member Tanaka asked about the amount of regular expenditures.

Mr. Shikada could not provide the information because of the variability of expenditures.

Vice Mayor DuBois supported Council Member Cormack's suggestion.

Council Member Tanaka requested Council Member Cormack's opinion of reducing the existing Contingency Funds.

Council Member Cormack was not confident in the Council's ability to identify the amount of monies that should be allocated to each Contingency Fund.

Council Member Tanaka proposed reducing the City Manager Contingency Fund to \$100,000.

Vice Mayor DuBois reiterated his support for retaining the City Manager Contingency Fund with an allocation of \$200,000.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "... but leave a \$200,000 Contingency Fund for the City Manager."

FINAL MINUTES

Council Member Filseth supported retention of the City Manager Contingency Fund.

Council Member Kniss commented that debating a small amount of funding was not productive. Staff rarely used Contingency Funds.

Council Member Kou asked if the Motion eliminated the HSRAP Contingency Fund.

Council Member Cormack responded yes, but Staff had not indicated if that was possible.

Council Member Kou asked if eliminating the HSRAP Contingency Fund would impact HSRAP beneficiaries.

Ms. Nose replied yes. The HSRAP Contingency Fund was designated to help with urgent or unforeseen needs of the HSRAP Program. Eliminating the fund was going to impact funding available for distribution to HSRAP organizations but was not going affect the base funding of HSRAP grants.

Council Member Kou noted HSRAP grants supported teenagers, mental health, food banks, etc.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "... and maintain the HSRAP Contingency Fund."

Mayor Fine remarked that the City Manager Contingency Fund was 0.001 percent of the Proposed Budget.

MOTION AS AMENDED: Council Member Tanaka moved, seconded by Vice Mayor DuBois to eliminate the contingency accounts, but leave a \$200,000 Contingency Fund for the City Manager, and maintain the HSRAP Contingency Fund.

MOTION AS AMENDED PASSED: 6-1 Kniss no

Council Member Tanaka suggested the Council consider the transfers after all other Budget sections. Staff was able to determine the amount of transfers based on the Council's decisions for program funding.

Council Member Filseth noted the Cubberley expenditure would be reduced by \$2.5 million and asked what could be eliminated if the reduction was less than \$2.5 million.

FINAL MINUTES

Ms. O’Kane advised that residents used the fields and the gym more than other spaces. The theater was used a lot, but whether residents used it more than nonresidents was unknown. When or if public health restrictions for theaters would be lifted was also unknown. She thought the theater could probably be eliminated.

Council Member Filseth believed the City probably could not eliminate the theater for FY 2021 and lease it again in FY 2022.

Ms. O’Kane concurred.

Council Member Kniss proposed further reducing the transfer from the General Fund to the General Capital Fund.

Mayor Fine reported the Council would consider the Capital Budget, capital projects and their costs following the non-departmental section of the Budget. That was the appropriate time to discuss the transfer.

PARKING LOT: Council Member Cormack moved, seconded by Council Member Kniss, third by Council Member Tanaka to place in the Parking Lot the Section 115 Trust Contribution.

Vice Mayor DuBois noted the Council would discuss the Trust contribution under the pension item.

Council Member Cormack advised that the pension item was more a policy discussion than a decision about the amount of the contribution.

Vice Mayor DuBois asked when a discussion of the contribution amount would occur.

Mayor Fine replied during the wrap-up item.

Council Member Cormack indicated she would propose a return of the \$1.7 million amount.

MOTION: Mayor Fine moved, seconded by Council Member Cormack to recommend tentative approval of the remaining portions in the Fiscal Year 2021 Operating/Capital Budget for the Non-Departmental Section for City Council consideration on May 26, 2020.

Mayor Fine remarked that the Non-Departmental section of the Budget was complicated because it touched many areas of the City, but the Council would review each section in detail.

MOTION PASSED: 7-0

FINAL MINUTES

- A. General Fund Capital Budget
 - a. General Capital Improvement Plan
 - b. Cubberley Capital Improvement Plan.

Kiely Nose, Chief Financial Officer and Director of Administrative Services reported funding sources for the General Capital Improvement Plan and the Cubberley Capital Improvement Plan included the General Fund transfer, the pass-through of TOT revenue, and \$1.8 million from the Cubberley lease with PAUSD. The largest funding was allocated to buildings and facilities, primarily the Public Safety Building (PSB). She said relevant information could be found on General Fund Capital Project Pages 51-298, Staff Report # 11322, Attachment A, Exhibit 2, Pages 1-2, and an attachment entitled Revised Source and Use for the General Capital Improvement Fund. The outlook included an \$8.1 million reduction in the General Fund transfer in FY 2021 and a \$20 million reduction in the transfer over the five-year CIP. Staff reduced the transfer in the first three years of the five-year CIP.

Brad Eggleston, Director of Public Works advised that Staff utilized criteria regarding health and safety, Council Priorities, external funding sources, and project timelines and impacts to propose reductions. Staff proposed continued funding of all Infrastructure Plan projects except the Downtown parking garage. Increased investment in infrastructure over the past decade had helped mitigate the impacts of short-term reductions in ongoing work. Staff proposed reducing funding for the Downtown parking garage by \$21 million. Staff hoped to work with the Council to use In-Lieu Parking Fees to provide new parking spaces in Downtown. Stanford University Medical Center (SUMC) Development Agreement funding of \$8.2 million was reallocated from the Downtown Parking Garage Project to the Fire Station No. 4 Project. The Embarcadero Road at El Camino Project had been removed because of uncertainties around grade separations. The Bicycle and Pedestrian Plan Implementation Project was on hold, but Staff proposed reducing its funding to \$2 million per year. The Ventura and El Camino Median Landscape projects were determined to be low priority. The Birch Street Improvements Project, which included additional space for Boulware Park, was funded. Staff proposed continuing funding for the PSB, Fire Station No. 4, the Charleston/Arastradero Corridor Project, Municipal Service Center (MSC) improvements, and street maintenance. The Highway 101 Bike Bridge Project was under construction, and terminating the contract could result in serious consequences for the City. If the Council wished to pursue termination of the contract, Public Works Staff were able to work with the City Attorney's Office. The Budget for the project excluding Staff oversight costs was \$20.5 million. Staff estimated total expenditures of \$5 million for design and existing construction of the project. The City received almost \$11 million in grants and contributions for the project, including \$1.5 million approved by the County of

FINAL MINUTES

Santa Clara (County) Board of Supervisors earlier in the day. The Cubberley Property Improvement Fund received \$1.8 million annually through the lease with PAUSD. Staff proposed expenses totaling \$1.3 million in FY 2021. Over the five-year CIP, proposed expenses were to total \$3.5 million while proposed revenues were totaling \$9 million. The expenses pertained to ongoing maintenance at Cubberley such as roof replacements, carpet and flooring replacements, and general repairs. The strategy for maintaining Cubberley Community Center and utilizing funding would be adjusted based on the progress of projects, decisions regarding the Cubberley Master Plan, and negotiations with PAUSD. The Proposed Capital Budget was to reduce the General Fund transfer over five years by \$46.4 million. Proposed expenses and projects were to reduce total expenses over five years by \$41.5 million. The \$5 million difference between the proposed transfer and expense reductions were to be funded through a draw on the existing balance in the Capital Fund.

Council Member Filseth inquired whether any external funding was at risk.

Mr. Eggleston advised that Staff had no indication any funding was at risk.

Council Member Filseth asked if external funding might be at risk in the not-to-distant future.

Mr. Shikada did not believe so.

Council Member Filseth asked what amount was reduced by \$41.5 million.

Mr. Eggleston explained that the amount listed in the Proposed Capital Budget would be reduced by \$41.5 million.

Ms. Nose referred to Capital Budget Page 62, which listed the original General Fund transfers. The original transfers totaled \$164 million over five years. The Summary of Capital Activity document contained the reduced amount of \$118 million.

Council Member Cormack asked if the Byxbee Park Project had to be included in FY 2021.

Mr. Eggleston did not believe the project was urgent. At the current time, Staff was not able to proceed with design and planning for the project.

Council Member Cormack asked if the Performing Arts Venue Seat Replacement Project was urgent given the public health restrictions.

FINAL MINUTES

Kristen O'Kane, Director of Community Services indicated the project addressed a safety issue. Given the public health restrictions, the project was able to be deferred.

Council Member Cormack noted the Ramos Park Project had been removed from the five-year CIP, but the Rinconada Park Project remained in the list. She assumed Staff had determined needed improvements versus "nice to have" improvements. She inquired regarding the decrease in funding for the Baylands Flood Protection Levee Improvements Project.

Mr. Eggleston explained that the proposed funding was probably allocated for Staff costs. The intent was to reduce the funding to zero because Staff was working to advance the project through the South Bay Shoreline Study.

Vice Mayor DuBois inquired whether the Certificates of Participation (COP) were sold for the PSB and whether they would be impacted.

Mr. Shikada reported the COPs had not been sold. Staff in consultation with financial advisers were looking at the impact of the current market on the sale of COPs.

Vice Mayor DuBois asked if the construction contract for the Bike Bridge was signed.

Mr. Eggleston replied yes.

Vice Mayor DuBois requested a list of major projects that were in progress other than the JMZ and the California Avenue parking garage.

Mr. Eggleston indicated the JMZ and the California Avenue parking garage were the biggest projects.

Mr. Shikada noted a couple of utility projects were underway.

Mr. Eggleston added that the Fire Station Project and the first two phases of the Charleston/Arastradero Project were wrapping up and could be considered complete.

Vice Mayor DuBois believed the CIP was important, but many of the projects were not necessarily urgent. The Budget proposed prior to the pandemic contained a record amount of funding for non-utility projects. Even with proposed reductions, many of the projects were funded but were able to be deferred for two years. By deferring projects, the Council was not going to have to decimate services, which were the reason many people chose to live in Palo Alto. The Council was able to ask Staff to propose further reductions or discuss reductions to specific projects. The Roth Building appeared to be

FINAL MINUTES

shovel-ready for construction and was in dire need of rehabilitation. He inquired regarding the rationale for deferring the Ventura improvements.

Mr. Eggleston reported the improvements were needed, but they had a lower priority than other projects.

Vice Mayor DuBois inquired about the possibility of deferring the MSC Project.

Mr. Eggleston advised that the MSC improvements had been deferred a number of times already, and many of the MSC systems dated back to the 1960s. Staff was concerned that some of the equipment could fail at any time and render the building non-functional.

Mr. Shikada added that deferring MSC improvements for a year would be manageable. Reallocating funding for MSC improvements to another project was to presume a much longer delay, which was problematic.

Vice Mayor DuBois preferred to defer the Fire Station, potentially the PSB, the El Camino Pedestrian Project, bike plans, and street maintenance. He wanted to understand the time sensitivity of some of the bridge projects.

Mr. Eggleston related that street maintenance could be further reduced. The adjusted Budget reduced street maintenance by \$1 million over the next two years. A significant amount of funding for street maintenance in FY 2021 was obtained through grants, Vehicle License Fees, and SB 1 funding. If the City did not continue its current efforts to maintain streets, they were not going to receive SB 1 funding of approximately \$1.3 million per year.

Vice Mayor DuBois asked if the requirement might be adjusted due to the pandemic.

Mr. Shikada indicated the requirement could be suspended for a certain time period. The PSB Project was ready to release for bids, and they were able to provide a bellwether as to bid prices.

Council Member Kou inquired about the Building System Improvements Project listed on Attachment A, Exhibit 2, Page 1.

Mr. Eggleston explained that the annual project pertained to improvements to all sorts of building systems at City facilities.

Council Member Kou asked if the project could be deferred.

Mr. Eggleston related that plans had been made for the funding in the project. Staff had already reduced the funding by \$300,000.

FINAL MINUTES

Council Member Kou asked if the Birch Street Project, PE-19003, was the purchase of the property or improvements to the property.

Mr. Eggleston replied the improvements.

Council Member Kou inquired about County or State funding for sidewalk repairs.

Mr. Eggleston related that the sidewalk repairs were funded entirely by the City. Staff had reduced funding by \$1 million a year in FY 2021 and 2022.

Council Member Kou concurred with Vice Mayor DuBois' comments about shovel-ready projects. The Animal Shelter and the Roth Building needed to be funded. The JMZ Project was almost complete. She inquired whether funding for the Highway 101 Bike Bridge included the \$1 million from Google.

Mr. Eggleston answered yes.

Council Member Kou requested the amount of City funding needed to complete the Bike Bridge.

Mr. Eggleston responded \$4-\$5 million.

Council Member Kniss inquired about opportunities for Fire Station No. 4.

Mr. Eggleston noted the project was contained in the 2014 Infrastructure Plan. Staff was ready to issue a Request for Proposals (RFP) for an architect to design the station. The design process was likely to take two years to complete. Fire Station No.'s 3 and 4 were being rebuilt because they could not be seismically retrofitted.

Council Member Kniss inquired about the funding sources for Fire Station No. 4.

Mr. Eggleston advised that \$1.7 million was allocated in FY 2021 for design and \$8.15 million was split between FY 2022 and 2023 for construction. Expending construction funds prior to FY 2023, he thought, may not be feasible.

Council Member Kniss asked if the project could be deferred for a year.

Mr. Eggleston answered yes but maintaining a positive balance in the Capital Fund over a five year period was a complicated factor.

Council Member Kniss wanted to consider deferring the Fire Station No. 4 Project.

FINAL MINUTES

Council Member Tanaka suggested the Council rank the capital projects by value to the community, shovel-readiness and urgency. He said delaying projects could provide funding for services that residents expected. The PSB and Fire Station No. 4 projects needed to be deferred. He inquired whether the Highway 101 Bike Bridge Project could be delayed without the City losing grant funding.

Mr. Eggleston believed delaying the project would be very difficult under the terms of the construction contract. In addition, construction costs were to increase with a delay of the project.

Council Member Tanaka noted the Consumer Price Index (CPI) was a negative percentage and indicated labor costs were to decrease. He was uncertain whether grade separation and City Hall improvements needed to be deferred. The Newell Bridge Replacement Project probably needed to be delayed because of the potential for community push-back.

Mayor Fine requested Chief Blackshire discuss the impact of deferring the Fire Station No. 4 Project.

Geo Blackshire, Fire Chief reiterated that the existing Fire Station No. 4 could not be seismically retrofitted, did not accommodate modern equipment and apparatus and did not meet the requirements of the Americans with Disabilities Act (ADA). Additional concerns were security and gender separation.

Mayor Fine asked if there was any way to mesh the services provided by the new Fire Station No. 3 and the existing Fire Station No. 4.

Mr. Shikada advised that there would be no benefit to service overall because the two fire stations operated independently.

Mayor Fine inquired regarding the necessity of the improvements planned for Rinconada Park.

Mr. Eggleston indicated Rinconada Park improvements slated for FY 2020 and 2021 were part of the City's contribution to the JMZ Project. The project slated for FY 2025 was the second phase of the Rinconada Park Master Plan.

Mayor Fine questioned whether planning park improvements was wise when funding for park maintenance would be reduced by half.

Ms. O'Kane explained that much of the reduction would affect areas outside parks. Maintenance and landscaping in parks were not going to be eliminated, merely reduced.

FINAL MINUTES

Council took a break at 3:25 P.M. and returned at 3:35 P.M.

Mr. Shikada noted the Council's interest in identifying specific projects that could be deferred. The Council was able to identify projects for deferral, but Staff needed to identify the amount of General Fund funding contained in the mix of funding sources for the projects. He thought Staff may be able to identify funding in one project that could be reallocated to a second project such that General Fund funding in the second project could be returned to the General Fund.

Mayor Fine related that the Council could provide a list of projects for Staff to review for deferral or set an additional reduction in the General Fund transfer.

Council Member Filseth appreciated the City Manager's comments regarding the funding sources of capital projects. The problem with deferring projects and utilizing the funding elsewhere in FY 2021 was funding the projects and cutting services in FY 2022. The problem was not cash flow but decreased revenues. The Council was going to be presented with multiple opportunities to spend future revenues today. He thought the Council should look at deferring capital projects to replenish the BSR.

Council Member Cormack did not support adding the Roth Building and deleting the Fire Station. Caltrans had provided the vast majority of funding for the Newell Bridge Replacement Project, and the project was a requirement for the San Francisquito Creek Joint Powers Authority (SFCJPA) Phase II Project. The existing bridge was a health and safety issue. She did not support deferring the Newell Bridge Replacement Project. Projects were estimated to cost less because of the economic recession. She inquired whether the current transfer from the General Fund to the Capital Fund totaled \$7.6 million.

Ms. Nose replied yes, excluding the Transient Occupancy Tax (TOT) pass-through.

Council Member Cormack agreed that deferring projects would not provide funding for services. She could support placing the PSB in the Parking Lot.

PARKING LOT: Council Member Cormack moved, seconded by Council Member Kniss, third by Vice Mayor DuBois to place in the Parking Lot the Public Safety Building.

Council Member Cormack was inclined to support funding the PSB, but did not anticipate the Council could reach agreement in the time remaining in the meeting.

FINAL MINUTES

Council Member Kniss felt the Council should think about the PSB before discussing it. A contractor failed to complete a City project during the prior recession when construction costs were low. She supported deferring the Byxbee Park, Rinconada Park and Fire Station No. 4 projects.

MOTION: Council Member Kniss moved, seconded by Council Member XX to defer construction of Bixby Park, Rinconada Park, and Fire Station 4.

Vice Mayor DuBois wanted to compile a list of potential projects to defer.

Council Member Kniss asked Vice Mayor DuBois if his list of projects included the proposed three projects.

Vice Mayor DuBois answered yes, and others.

MOTION WITHDRAWN BY THE MAKER.

Council Member Kniss was not prepared to discuss the Roth Building because a number of interested parties were able to advance the project.

Vice Mayor DuBois inquired whether funding could be transferred from the Capital Fund to the General Fund.

Mr. Shikada advised that Staff had to trace the monies in order to understand the issues of transferring them to the General Fund.

Vice Mayor DuBois believed Staff should rebid projects where possible and set a goal of deferring a total of \$20 million. He preferred deferring the Fire Station No. 4 Project, reducing the El Camino Pedestrian Project by \$1 million, deferring the Theater Seat Replacement Project, funding electrical improvements but deferring roof replacement at the MSC, possibly deferring \$10 million of the PSB cost, and deferring the Rinconada Park and Byxbee Park Projects. He proposed Staff return with an analysis of the impacts to the General Fund and other funds that were able to accomplish something like this.

Mayor Fine inquired whether Vice Mayor DuBois intended to defer the projects and add additional ones or to defer a total of \$20 million and reallocate \$5 million.

Vice Mayor DuBois clarified his intention as deferring \$20 million and considering the reallocation of \$5 million with Council Members suggesting projects.

Mayor Fine asked if the \$20 million would be deferred from FY 2021.

FINAL MINUTES

Vice Mayor DuBois answered yes.

Mayor Fine noted deferrals totaled \$16-\$17 million and asked if the General Fund transfer would be reduced.

Vice Mayor DuBois explained that the \$5 million reallocation allowed Staff to reallocate funding from one project to another in order to reduce the General Fund transfer. Council Members were able to submit projects for consideration so that Staff could get a sense of the Council's preferences.

MOTION: Vice Mayor DuBois moved, seconded by Council Member Kniss to direct Staff to return with an analysis of impacts to the General Fund and other funds to accomplish a deferral of \$20 million, and consider allocation of \$5 million to other capital projects with Council Members suggesting projects to Staff.

Vice Mayor DuBois believed the capital projects were important, but not all of them were urgent. Given the situation, deferring some of the projects was the right thing to do.

Council Member Kniss felt the Motion was a hybrid with the Council proposing projects for deferral and Staff analyzing them for a recommendation.

Mr. Shikada reported the Motion would distract Staff from other needed work. He assumed the purpose of deferring projects was to reallocate the funding elsewhere. That effectively cancelled projects. Any of the variations under discussion were multi-year decisions. Staff's ability to drop or add projects was a multi-year decision. The Council had to cut expenses by \$39 million in the next 30 days. Staff was not able to do that if the Council directed Staff to analyze capital projects.

Mayor Fine concurred with the City Manager.

MOTION WITHDRAWN BY THE MAKER.

Vice Mayor DuBois remarked that Staff needed to hear that the Council did not consider the Infrastructure Blue Ribbon Commission's (IBRC) list of projects sacrosanct. Some of those projects needed to be delayed.

Mayor Fine indicated he heard little agreement on prioritization of the CIP projects. The Council needed to set an additional reduction amount and allow Staff to propose deferrals or cancellations. \$7.6 million was not a large amount to invest in infrastructure, which was durable and permanent.

Council Member Tanaka commented that the Council was responsible for determining what was important. He inquired whether Staff was to benefit

FINAL MINUTES

from a Council vote on the top three projects for Staff to consider in order to reduce the transfer amount.

Mr. Shikada preferred the Council set a dollar amount for an additional reduction. Staff was able to return with a guesstimate of balancing the projects.

Council Member Tanaka felt the Council needed a robust discussion of the projects so that Staff could understand the projects to focus on.

Mr. Shikada suggested the Council set a dollar amount for an additional reduction and move discussion of specific projects to the end of the Budget hearings.

Council Member Tanaka felt the Council should provide a list of projects and Staff should figure out the dollar amount because the Council had more expertise in what the community wanted than in reducing dollar amounts.

MOTION: Council Member Tanaka moved, seconded by Council Member Kou to delay the Fire Station 4 project.

Council Member Tanaka agreed with prior comments from Council Member Kniss and Vice Mayor DuBois about Fire Station No. 4.

Council Member Kniss requested the amount allocated to Fire Station No. 4 in FY 2021.

Mayor Fine responded \$750,000 in FY 2021, \$4 million in FY 2022 and 2023.

Council Member Kniss asked if the Motion would affect only the FY 2021 amount.

Mayor Fine replied no.

Council Member Cormack advised that the amount was \$1.7 million.

Ms. Nose added that the funding source for Fire Station No. 4 was the SUMC Development Agreement.

Mayor Fine asked if the funds were fungible.

Ms. Nose answered yes, but use of the funds had to comply with the terms of the Development Agreement. She interpreted the Motion as delaying the full project in the amount of approximately \$9.9 million. The allocation for FY 2021 was \$1.7 million.

FINAL MINUTES

Council Member Kniss wanted to defer the FY 2021 allocation and consider deferring additional allocations in 2021.

Vice Mayor DuBois understood all proposals were to delay project allocations for one year.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER: to add to the Motion, "... for 1 year."

Vice Mayor DuBois believed the Council was being pushed down a much more prescriptive route. After reductions, funding of \$107 million was to be allocated to capital projects. He supported the Motion but preferred providing Staff with a reduction target for the Capital Budget as a whole.

Mayor Fine reiterated that the Council could: 1) vote on each project; 2) give Staff a target amount for reductions in the General Fund transfer; or 3) reduce the overall Capital Budget by a specific amount. The City Manager did not support the third option because Staff would have to shuffle large, multi-year projects with multiple funding sources in a short time.

Mr. Shikada clarified his concern as the identification and shuffling of projects.

Council Member Kou expressed concern that beginning a project committed the City to funding the project through completion. She proposed the Council set a reduction amount, Staff prepare a list of projects for deferral and the Council prioritize the list of projects.

Vice Mayor DuBois wanted a more flexible process rather than reviewing each project. The Council needed to agree if it was looking at \$7.6 million or a larger amount.

Council Member Cormack did not want to return capital funding to the General Fund. She did not support the Motion.

Mayor Fine did not support the Motion.

Council Member Kou hoped the City Manager and Mayor were able to find a cleaner process for reducing capital funding.

SECONDER WITHDREW FROM THE MOTION.

MOTION FAILED DUE TO THE LACK OF A SECOND.

Mayor Fine reiterated proposed processes and requested alternative processes. He requested Council Member Cormack clarify her comment regarding returning funding to the General Fund.

FINAL MINUTES

Council Member Cormack explained that she was not prepared at the current time to reduce the amount transferred from the General Fund to the Capital Fund.

Mayor Fine inquired regarding Council Member Cormack's interests for the Capital Budget.

Council Member Cormack suggested the Council determine whether the \$7.6 amount was the right amount. She was not comfortable with returning capital funding to the General Fund because she did not understand how it could be done again for FY 2022.

MOTION: Mayor Fine moved, seconded by Council Member Cormack to recommend tentative approval, including a \$7.6 million transfer of the Fiscal Year 2021 General Fund Capital Improvement Plan Budget for City Council consideration on May 26, 2020.

Mayor Fine did not believe this was the time for the Council to review each capital project. The issues were more complex than saving \$1.7 million in FY 2021 by deferring Fire Station No. 4.

Council Member Tanaka noted there were restrictions on the funding. The Council needed a robust debate to figure out which projects to defer in order to reduce the projected deficit. He was not able to support the Motion. Capital projects were able to be deferred without causing a sizable impact on the community.

Vice Mayor DuBois indicated many of the capital projects were funded with impact fees, and the Council needed to understand if the fees could be used for other appropriate reductions. He was not advocating for reallocating some of the funding to the General Fund. He did not support the Motion and wanted to know the impact of reducing the \$7.6 million transfer to zero.

Council Member Kniss did not support the Motion.

Mayor Fine agreed to changing the amount of the transfer.

Council Member Kniss proposed \$5 million.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to amend the Motion to state, "... \$5 million transfer of the Fiscal Year 2021 General Fund Capital Improvement Plan Budget"

Mayor Fine requested the effects of reducing the transfer to \$5 million and to zero.

FINAL MINUTES

Mr. Shikada reported Staff would need to analyze the projects and return with the analysis.

Council Member Kou was not able to support the Motion because it did not consider community needs.

Council Member Filseth commented that revenues were fixed; therefore, the Council was able to reduce the transfer to infrastructure, the expenditures for services, or the level of the BSR. Staff's proposed transfer amount worked. The \$5 million amount might work, but the Council needed to understand the ramifications. The Finance Committee needed to analyze the impacts of the \$5 million amount on the FY 2021 and subsequent Budgets.

MOTION AS AMENDED: Mayor Fine moved, seconded by Council Member Cormack to recommend tentative approval including a \$5 million transfer of the Fiscal Year 2021 General Fund Capital Improvement Plan Budget for City Council consideration on May 26, 2020.

MOTION AS AMENDED FAILED: 3-4 DuBois, Filseth, Kou, Tanaka no

Council Member Filseth suggested the Council place the transfer amount in the Parking Lot and think about it.

Council Member Cormack did not wish to do so because three Council Members supported a transfer of \$7.6 million and three supported a transfer of \$5 million. Staff was not going to have sufficient time to prepare additional information for the Council's consideration in the Budget hearings.

Council took a break at 4:38 P.M. and returned at 4:53 P.M.

Mayor Fine remarked that the Council had to reduce expenses to meet revenues. The Council was able to contribute to the BSR or the 115 Trust or reduce capital expenditures or services.

MOTION: Mayor Fine moved, seconded by Council Member Cormack to reduce the transfer from the General Fund to the Capital Improvement Fund from \$7.6 million to \$6 million, but reserve the difference for the Budget Stabilization Reserve or pension contributions.

Mayor Fine felt the majority of Council Members wished to reduce some capital expenditures. The Council's adjustments were limited. A transfer to the BSR was money saved rather than spent. Funding for services was to be spent by the end of the Fiscal Year.

Council Member Cormack suggested the Council could refine the dollar amounts on May 26, 2020.

FINAL MINUTES

Council Member Kniss indicated crafting a Budget was a compromise. The goal was to provide sufficient services to residents as the community recovered.

Council Member Filseth asked if a \$1 million reduction in the transfer would impact the CIP.

Mr. Shikada believed it would be manageable.

Council Member Filseth commented that compromise had to be balanced with reality to ensure the situation did not become worse.

Vice Mayor DuBois noted the Motion would benefit the City's Unfunded Pension Liability but tie the Council's hands regarding the main Budget. If the Council deferred the PSB and did not sell COPs, a year of interest payments was also going to be deferred. If the Council transferred less funding to infrastructure, there was to be more money in the General Fund. The \$6.5 million transfer of TOT revenues to the Capital Fund was another annually generated source of funding. Impact fees allocated to capital projects were annually generated funding sources. If the Council deferred a project funded with impact fees, it was able to free up the impacts fees and still fund the project in the subsequent Fiscal Year. The Council was missing an opportunity to obtain additional analysis for these decisions. He proposed reducing the General Fund transfer to \$5 million and allocating the reduction to the General Fund and reducing the TOT transfer to \$5 million and allocating the reduction to the Pension Fund or the BSR.

Council Member Kou inquired regarding the amounts decreased.

Vice Mayor DuBois advised that the \$7.6 million General Fund transfer would be reduced to \$5 million and the \$6.5 TOT transfer would be reduced to \$5 million.

SUBSTITUTE MOTION: Vice Mayor DuBois moved, seconded by Council Member Tanaka to both decrease the transfer from the General Fund transfer to \$5 million to be used in the General Fund and a decrease in the Transient Occupancy Tax transfer to \$5 million with the decrease there being applied to the Pension Fund.

Vice Mayor DuBois explained that the Substitute Motion was a compromise of the previous Motion and included a reduction in the TOT transfer. The Council needed to direct Staff to return with an analysis of the two reductions.

Council Member Tanaka believed the service reductions would be dramatic, and a small change would make a big difference. The average resident was

FINAL MINUTES

not going to care about delays in capital projects but was going to care about service reductions.

Council Member Cormack requested the amount of the reduction in the TOT transfer.

Vice Mayor DuBois clarified that the \$6.5 million TOT transfer would decrease by \$1.5 million to \$5 million.

Council Member Cormack inquired about the amount of TOT revenues required to be transferred to the Capital Budget.

Ms. Nose reported previous Councils had chosen to allocate TOT revenues from certain new hotels and voter-approved TOT rate increases to the 2014 Infrastructure Plan projects. The TOT was a general tax and fungible.

Council Member Cormack did not support the Substitute Motion.

Council Member Filseth noted the Council had promised voters the TOT rate increases would be used for infrastructure projects.

SUBSTITUTE MOTION FAILED: 3-4 Cormack, Filseth, Fine, Kniss, no

MOTION PASSED: 4-3 DuBois, Kou, Tanaka no

Mr. Shikada reported the Council did not need to act on the Cubberley Capital Improvement Plan as it had placed Cubberley finances in the Parking Lot.

Council took a break at 5:19 P.M. and returned at 5:48 P.M.

Mayor Fine did not believe the Council would discuss Internal Service Departments and the Pension Funding Policy in the current meeting.

- B. Public Safety Services
 - a. Fire
 - b. Emergency Services
 - c. Police.

Mayor Fine announced the Council would hear public testimony regarding Public Safety Services first and Community and Library Services second.

Roger Lerrick requested the Council not reduce the Fire Department Budget as a reduction could affect response times and lead to life and death consequences.

FINAL MINUTES

Harshit Gupta expressed concern regarding the proposed reduction in the Fire Department's Budget. With the pandemic, a fast response time was needed.

Tong Sun Kobilka remarked that the Fire Department and its emergency medical services provided her with a sense of security that her elderly neighbors would be taken care of. Budget cuts were going to negatively impact response times.

Sreenidhi Sreesha advised that he would feel much safer if the City Council preserved the current level of resources for the Fire Department and Emergency Services and suggested the Council cut the resources of other departments.

Michael Solorzano referred to the Council discussion of the Infrastructure Project list and expressed interest in a risk and reward analysis and the General Fund return on investment. Cutting any Fire Department services was going to lead to longer responses times in a community filled with elderly people. He hoped the Council could preserve the current funding of the Fire Department.

Michael Epstein concurred with previous comments. With fire season beginning soon, reducing the Fire Department's Budget was not rational.

Ryan Donahue shared his family's experiences with programming and events at the Art Center. The Art Center played a critical role in the City, and its partnership with the Art Center Foundation was unique. The Art Center needed to be allowed to continue offering vital programs.

Karsten Ploesser asked the Council to consider the impacts of cuts to the Community Services' Budget on working families. Art Center programming offered children many opportunities. He asked the Council to preserve funding for the Community Services Department.

Tom Brinck, Art Center Foundation Co-President remarked that the Art Center was prepared for budget reductions, but some programming was going to be difficult to rebuild. The Art Center built bridges to underserved local communities and leveraged City investments.

Linda Lenoir related that the County matched the City's funding for YCS' Youth Connectedness Initiative. Youth needed and wanted more connections.

Joe Lee opposed plans to close the College Terrace Library. Seniors were advised not take public transportation to other libraries in the community because of the pandemic. Walking and biking to other libraries was not a

FINAL MINUTES

reasonable option for seniors and children. The savings from closing the College Terrace Library was not worth the adverse effects.

Mara Wallace concurred with comments regarding the Art Center. The Arts Center team was creative and could find innovative ways to offer programming.

Elizabeth Fetter felt the College Terrace Library should not close. As a college student, she spent a significant amount of time at the library. Closing the library discouraged teens and younger children from reading.

Carolyn Tucher noted the Art Center served 150,000 people annually and enjoyed a national reputation. Basic art programming needed to continue for children and teens. Grants and donations was not going to replace City funding.

Jeremy Erman was concerned about the proposed cuts for the Children's Theatre because children relied on the programming.

Leif Erickson supported continued funding for the Youth Connectedness Initiative, a teen mental health program. Without City funding, the program was also going to lose County funding.

Jonathan Erman remarked that the community was ready to visit libraries and attend public performances. The Council needed to promote Community and Library Services' programming because the community wanted the programs.

Justin Laxamana supported continued funding for the Youth Connectedness Initiative and described activities of the initiative.

Kiely Nose, Chief Financial Officer and Director of Administrative Services summarized information for the Public Safety Budgets and explained where the information could be found in the various documents.

Geo Blackshire, Fire Chief reported the Fire Department would seek new revenue streams, implement a flexible resource model based on daily staffing numbers and reduce management and administrative Staff. Any changes to the Fire Department's deployment model required renegotiation of the contract with Stanford University. Major changes in the General Fund were an expense reduction based on the flexible staffing model, revenue increases from the Paramedic Subscription Program and the First Responder Fee, an expense reduction based on management and administrative staffing changes and an expense increase for ambulance services. The Fire Department expected to respond to emergency situations, maintain an effective response force, maintain current emergency medical response and ambulance transport

FINAL MINUTES

services and continue to perform fire inspections. An effective response force was the number of personnel needed to stop the escalation of an emergency.

Ken Dueker, OES Chief advised that the proposal was to freeze an existing vacant position and reduce funding for the Intrusion Detection System (IDS). The Office of Emergency Services (OES) was going to develop a corrective action plan, provide community education and training, update the Local Hazard Mitigation Plan (LHMP), coordinate the implementation of a Foothills fire early warning system and participate in the design of the PSB.

Robert Jonsen, Police Chief indicated budget reductions would impact non-emergency responses and the Police Department's ability to be proactive. Approximately 98 percent of the Police Department's Budget was associated with committed costs; therefore, almost all reductions affected personnel. In 2018, the Police Department had 14 vacant officer positions. Today, the number of vacant positions was four. In the last year, the Police Department had reinstated the traffic enforcement team, specialty positions, community academies, and the juvenile diversion program. Since March 17, 2020, the Police Department conducted more than 3,000 directed patrol checks on residents and businesses and responded to more than 475 health order violations. Budget reductions required reductions in part-time personnel, full-time professional Staff, sworn positions and management positions. The Police Department provided animal control services, parking enforcement and crossing guards, which most departments did not provide. The Dispatch Center provided dispatch services for the Fire Department, Public Works Department, Utilities Department, parks and the Stanford University Department of Public Safety. The Police Department planned on continuing to operate as effectively and efficiently as possible. Chief Jonsen requested position reductions occur through attrition rather than layoffs.

Ms. Nose added that baseline funding for the Public Safety Budget totaled \$85 million. The proposed reductions were going to decrease that amount to \$79 million.

Council Member Kniss requested the City Manager comment on the proposed reductions.

Ed Shikada, City Manager related that the reductions were significant. The depth of proposed reductions reflected the challenge before the Council.

Council Member Kniss inquired regarding the effects of the Council potentially not approving some of the reductions.

Mr. Shikada advised that any amounts not cut in Public Safety would be cut from other departments.

FINAL MINUTES

Council Member Kniss asked if Staff would present some options for additional reductions in other departments.

Mr. Shikada remarked that additional reductions in other departments could be limited or nonexistent.

Council Member Kniss inquired about the effect of reductions on the Fire Department's response times.

Mr. Blackshire indicated the existing resources allowed the Fire Department to meet the County's standard response times. Reducing resources caused response times to increase. The major concern was relying on County resources more than internal resources. Palo Alto was the only City in the County that had its own ambulance service, and the ambulance service's response times were half the County's response times.

Council Member Kniss noted the difficulty of filling vacant Police Department positions and inquired about the effects of the proposed reductions on new hires.

Mr. Jonsen related that laying off new hires would create a three-year delay in filling the positions in the future because the new hires likely would accept other positions rather than wait to be rehired with the City. Four new hires were close to completing field training, and seven new hires were attending the academy.

Council Member Filseth commented that the Council could not fill the deficit without cutting Public Safety Budgets. He asked if 80 percent of expense reductions occurred in the Police Department Budget.

Ms. Nose stated a significant portion of the proposed changes in the Fire Budget was associated with revenue.

Council Member Filseth asked if the proposed revenue increases in the Fire Budget were included in the 6.8 percent change.

Ms. Nose promised to provide that information.

Vice Mayor DuBois stated the Budget Reconciliation for the Fire Department on Page 191 reflected the proposed changes against the FY 2020 Budget. He inquired whether the proposed changes were presented against the FY 2021 baseline Budget.

Ms. Nose explained that the Proposed FY 2021 Fire Budget of \$36.2 million less the proposed changes should total the adjusted FY 2021 Fire Budget.

FINAL MINUTES

Vice Mayor DuBois noted the FY 2021 baseline Fire Budget increased about 6.8 percent over the FY 2020 Fire Budget. The FY 2021 baseline Police Budget increased about 5.5 percent.

Ms. Nose clarified the Fire Budget increase was about 3.9 percent and the Police Budget increase was about 5.5 percent.

Vice Mayor DuBois asked if the proposed reductions would decrease the FY 2021 Fire Budget to about the same amount as the FY 2020 Fire Budget.

Ms. Nose replied yes.

Vice Mayor DuBois remarked that the Public Safety Budgets would not increase as originally proposed for FY 2021, but they would be flat against the FY 2020 Budgets. He inquired whether the cuts would be about 0.3 percent of the FY 2020 Budgets.

Ms. Nose explained that the cost of doing business increased annually. Typically, the cost of service increased while the service level remained the same. A flat Budget required reductions in resources, which would impact service levels.

Vice Mayor DuBois noted the Fire Budget was essentially flat, and the Police Budget decreased about 9 percent. He proposed moving the Public Safety Budgets to the short-term Parking Lot and requested Staff provide a reconciliation sheet depicting revenues and expenses for FY 2020, baseline FY 2021, and adjusted FY 2021 Budgets.

Council Member Cormack concurred with Council Member Filseth's comments. She requested details of the new revenue streams for the Fire Department.

Mr. Blackshire reported the current fee for ambulance transport was approximately \$2,400 with cost recovery at about 40 percent. The subscription program and the First Responder Fee made up that lost amount and fund training, personnel, and equipment.

Council Member Cormack asked who paid the First Responder Fee.

Mr. Blackshire explained that public agencies charged first responder fees for emergency medical responses. Most commercial insurance companies routinely paid first responder fees. The program as proposed was to have a minimal impact on users.

Council Member Cormack asked if the First Responder Fee would be billed to insurance companies for emergency responses with no ambulance transport.

FINAL MINUTES

Mr. Blackshire answered yes.

Council Member Cormack inquired about the cost for returning one police officer position and which position it was to be.

Mr. Jonsen noted the City's cost for a new hire was less than existing employees because of the retirement plan. The position was likely to be filled by the most senior officer undergoing field training.

Council Member Cormack requested the number of Public Safety Full-Time Equivalents (FTE) filled by Police personnel.

Mr. Jonsen responded 32. In the Police Department, 1 FTE equated six part-time employees.

Council Member Kou advised that a City survey found Public Safety to be one of the community's most desired services. Her informal survey found the community did not want to reduce Police or Fire Budgets. Public Safety was the foundation of the community. She inquired whether 11 positions in the Fire Department were eliminated previously.

Mr. Blackshire explained that 11 of 15 vacant positions were eliminated due to loss of the contract with Stanford University. Following the vetting of a new contract, four positions were filled.

Council Member Kou inquired whether the positions returned with the Stanford University contract.

Mr. Blackshire answered no.

Council Member Kou remarked that Chief Jonsen reinstituted the traffic enforcement team, and the cuts eliminated it. She inquired whether the community had vetted that.

Mr. Shikada reported the community could provide feedback during the Budget hearings. These reductions were not popular decisions.

Mr. Blackshire explained that crews cross-staffed ambulances and engines because of previous reductions in resources.

Council Member Kou commented that the City was asking residents to depend on mutual aid rather than internal services. This had the possibility of increasing response times and costs.

Mr. Blackshire clarified that response times would increase because mutual aid services would have to travel from other parts of the County to Palo Alto.

FINAL MINUTES

Council Member Tanaka requested the amount of the First Responder Fee.

Mr. Blackshire estimated \$400.

Council Member Tanaka noted a 15.4 percent increase in overtime in the FY 2021 Budget. The CPI was dropping, but overtime was increasing. He requested the rationale for increasing overtime.

Mr. Blackshire reported Medic 61 was staffed 12 hours per day with overtime rather than full-time employees.

Council Member Tanaka asked if that strategy would be continued in FY 2021.

Mr. Blackshire responded yes. The reduction of one Deputy Chief position and the flexible staffing model offset the cost.

Council Member Tanaka did not find an overtime reduction in the changes provided to the Council. With a large deficit looming, he anticipated overtime would decrease rather than increase.

Mr. Blackshire referred Council Member Tanaka to Page 192 of the Operating Budget.

Ms. Nose indicated as part of the FY 2020 Budget, the Council approved an elimination of the overtime medic. Based on the volume of medical calls, eliminating the overtime medic proved to not be the best service model. The overtime was restored in the FY 2021 Budget. From a budget standpoint, overtime was going to increase. From a practical standpoint, overtime was not going to increase.

Council Member Tanaka requested further clarification.

Ms. Nose stated the Budget was a planning document that included assumptions. In FY 2020, Staff planned to eliminate the 12 hour medic position. The position was not eliminated, and the overtime savings did not occur. At midyear, Staff increased the overtime Budget and offset the cost with the salary savings from a vacant Deputy Chief position. The FY 2021 Budget reflected overtime for Medic 61 and the elimination of the Deputy Chief position. The overtime amount in the FY 2020 Budget was artificially low due to a proposed change that did not occur.

Mr. Blackshire clarified that overtime was used to backfill vacancies created by personnel taking leave.

Council Member Tanaka believed overtime should be closely managed in order to provide the same services to residents.

FINAL MINUTES

Ms. Nose added that overtime often was not more expensive than a salaried position because of pension costs associated with a salaried position.

Mr. Blackshire further stated overtime was a consequence of a reduction in force.

Mayor Fine asked if other fire departments in the region would rely more on mutual aid and would that further increase response times.

Mr. Blackshire did not know if other departments would increase their use of mutual aid. Calling on County services not only increased response times but also decreased revenue for the Fire Department.

Mayor Fine inquired regarding the reasons for revenue reductions in special events, animal control and communications and dispatch.

Mr. Jonsen advised that much of the revenue generated from animal services was provided to Pets in Need. Special events revenues were to decrease because of the cancellation of events.

Eric Jensen, Police Department Management Analyst related that under a contract with Stanford University, the City charged Stanford University approximately 16 percent of the cost of service.

Mr. Blackshire reported other fire departments had not been asked to reduce their resources and, thus, were not to rely on mutual aid as much as Palo Alto.

Mayor Fine requested the time needed for attrition to reduce the number of positions and any additional cost for that.

Mr. Jonsen anticipated the positions could be eliminated through retirements by the end of 2020, which equated to \$1.9 million. The savings came in retaining the newer employees.

Mr. Shikada noted the costs and savings would vary because of negotiations with labor groups.

Mr. Jonsen advised that he and Police personnel developed the proposed reductions. Elimination of the traffic team was the result of reduced personnel and requirements for minimum staffing. If retirements did not occur as anticipated, other reductions were to be implemented to offset costs.

Mr. Blackshire agreed with Chief Jonsen's comments about retaining new employees because of the City's investment in them.

FINAL MINUTES

Council Member Tanaka noted 25 managers, 26 fire apparatus operators and 34 firefighters in the Fire Department.

Mr. Shikada suggested Chief Blackshire describe the role of a Fire Captain because the Fire Captain's role was very different from a manager's role.

Mr. Blackshire explained that the Fire Chief, Deputy Chief and Fire Marshal were department managers. Battalion Chiefs managed each shift, and the training Battalion Chief managed department training. A Fire Captain supervised the crew assigned to a unit, with the exception of ambulances.

Council Member Tanaka reiterated that there were 25 managers or supervisors and 60 individual contributors.

Mr. Shikada commented that describing a Fire Captain as a manager shortchanged the position. Fire Captains were direct contributors to service delivery.

Council Member Tanaka understood Fire Captains both managed and contributed to the crew. He requested a rough number of Fire Department emergency responses in calendar year 2019.

Mr. Blackshire replied more than 9,000 calls.

Council Member Tanaka asked how many of those calls involved fires.

Mr. Blackshire indicated about 128. A specific number of resources were needed to ensure emergencies could be mitigated effectively. Recently, one fire call and one medical call depleted the Fire Department's resources. The Fire Department had to be prepared to respond to fire calls every day.

Council Member Tanaka stated many fire departments had reconfigured their emergency teams to focus on medical emergencies because of the small number of fire calls.

Mr. Blackshire advised that Mountain View Fire Department received about 5,000 calls per year and Santa Clara about 9,000. The Palo Alto Fire Department was staffed with 98 full-time employees, Santa Clara 167, and Mountain View 86. The Fire Department responded to more calls per capita than many comparable cities. The Fire Department provided ambulance services, which most cities did not provide. Multiple units typically responded to each call. Since 2008, a rescue unit was removed from service, and the crews on each truck were reduced from four members to three.

Council Member Kou urged Staff to notify the community of the proposed elimination of the traffic team.

FINAL MINUTES

Council Member Kniss remarked that residents needed and expected excellent Public Safety services. She wanted to save the valuable new hires in the Police Department and to understand the effect of reduced staffing on response times.

Mr. Shikada indicated Staff could provide some recommendations regarding Police Department attrition and focus on emergency incident response services for the Fire Department.

PARKING LOT: Council Member Kniss moved, seconded by Council Member Kou, third by Mayor Fine to place in the Parking Lot the Police Department and Fire Department attrition.

Council Member Kniss understood the difficulty of recruiting new police officers to an unusual police department.

Council Member Filseth agreed that the issue was reducing Public Safety expenses rather than increasing revenues. Expenses grew at least as fast as revenues. No one wanted to reduce Public Safety Budgets. Services were not able to continue in their current form because of the drastic reduction in revenues. Prior to the pandemic, the City was facing long-term fiscal challenges. The City was able to reduce salaries, offer fewer services and programs or modify service models. The Fire Department had adapted service delivery to the Stanford University contract. The Council needed to think through the process for changing service models.

Council Member Cormack believed rethinking service delivery had merit, but the Council probably was not able to accomplish it in the next six weeks. Perhaps it was able to be placed in the long-term Parking Lot. She inquired whether the 32 FTE reductions included the 15 vacant positions.

Mr. Jonsen answered yes. Rebuilding the team and providing services was challenging if he had to cut 17 positions immediately.

Council Member Cormack differentiated the reductions as people losing their jobs and encouraged Council Members to be as kind as possible in making cuts and in addressing the public and each other.

Vice Mayor DuBois noted Public Safety expenses comprised about 35 percent of overall expenses, and the proposed reductions comprised about 32 percent of overall reductions. He supported the Proposed Public Safety Budgets as presented.

Mayor Fine commented that services could not continue at the current level with a \$39 million deficit. The next six weeks were probably not the best time

FINAL MINUTES

to refresh delivery models. Reducing the cuts proposed for the Public Safety Budget caused additional cuts in other departments, and there was very little room for additional cuts in any department.

Council Member Tanaka remarked that Public Safety employees were some of the highest paid employees in the City. A 17 percent pay cut solved the Budget crisis. Certainly, upper management was able to do that. A service change for the Fire Department was important. He questioned whether the three departments could be combined or perhaps combined with the County or increase efficiency by reducing upper management. The community probably preferred eliminating a couple of social media positions over officer positions. Perhaps the City was able to outsource more services. Changing the Fire Department's delivery model provided the biggest bang for the buck. He proposed the Council begin review of changing service delivery from a dominant fire-oriented model to a dominant medical-oriented model.

PARKING LOT: Council Member Tanaka moved, seconded by Mayor Fine, third by Council Member Filseth to direct Staff to place in the Long-term Parking Lot research regarding changing the delivery of services from a dominant fire-oriented model to a dominant medical-oriented model.

Mr. Shikada clarified that the Fire Department's service model was designed to respond to all hazards and all natures of emergencies. The staffing model implemented subsequent to the Stanford University contract was groundbreaking among agencies.

Council Member Tanaka proposed funding for social media and public relations positions be reallocated to police officer, Code enforcement and traffic enforcement positions.

Mr. Shikada indicated Staff had already proposed that change. The Police Department Budget reflected a reduction in police relations.

Council Member Tanaka asked if one or two people handled police relations.

Mr. Jonsen replied one person.

Council Member Kniss recalled the Council's Budget discussion from the prior week and asked if the Council at that time indicated it would not alter its vote.

Mr. Shikada stated the Council's direction to Staff led to the proposals presented in the current meeting. The Council had some flexibility to modify the Budget until May 26, 2020.

FINAL MINUTES

Council Member Kniss understood the Council had indicated the prior week that it could be flexible.

Mr. Shikada suggested the Council's flexibility depended on the progress during the Budget hearings and where the Council wanted to be at the end. Toward the end of the hearings, Staff informed the Council of the results of modifications to the Budget.

Council Member Kniss questioned whether the Council needed to revisit the CIP. The Council appeared to view the Budgets as though they could not be altered.

Mayor Fine advised that the Council by unanimous vote had selected \$39 million as the amount for revenue reductions. All department Budgets were interrelated.

Council Member Kniss believed funding the Police and Fire Departments had more merit than constructing a new fire station or finishing Byxbee Park. She thought the Council should constantly reassess whether it was moving in the right direction.

Vice Mayor DuBois supported moving service delivery into the Long-term Parking Lot. Operating expenses had not grown in proportion to operating revenue. The City saved a lot of surplus revenues in the Infrastructure Plan. With decreased revenues, expenses needed to decrease until revenues recovered. The Infrastructure Plan remained in play for reductions until the Council completed the Budget. Perhaps the Council was able to revisit the CIP on Wednesday in the short-term Parking Lot.

Mayor Fine requested clarification of the proposal.

Vice Mayor DuBois suggested the Council revisit the CIP after reviewing all Budgets and determine whether significantly delaying or canceling a project could offset short-term Parking Lot items that increased expenses.

PARKING LOT: Vice Mayor DuBois moved, seconded by Council Member Tanaka, third by Council Member Kou to place in the Parking Lot a revisit of the CIP to pay for Parking Lot items.

Mr. Shikada reported Staff could review the CIP to identify \$1 to \$1.5 million that could be used to offset any expense increases.

MOTION: Vice Mayor DuBois moved, seconded by Mayor Fine to recommend tentative approval of the Fiscal Year 2021 Operating Budgets for the Public Safety Services Departments (Fire, Emergency Services, Police).

FINAL MINUTES

Mayor Fine felt cutting Public Safety budgets was extremely difficult as Public Safety was the City's core responsibility to the community.

Council Member Cormack asked if the Council would have an opportunity later to adjust the Public Safety budgets if the Motion passed.

Ms. Nose replied yes.

Council Member Cormack supported the Motion even though she was not comfortable with the Police Department budget.

Council Member Kniss was not going to support the Motion because it did not provide flexibility. She was not comfortable with the Public Safety Budgets.

Council Member Tanaka suggested the Council direct Staff to explore streamlining management in the departments.

Vice Mayor DuBois believed the Long-term Parking Lot item addressed Council Member Tanaka's suggestion.

Council Member Tanaka indicated Staff may find some cost savings by considering the three departments altogether.

Mr. Shikada remarked that the Chiefs had taken every step to streamline their organizations.

Council Member Kou reiterated that Public Safety was a major issue in the community. The proposed cuts were huge.

Mayor Fine recalled the Council's agreement to make necessary reductions but felt the Council was hesitant to make any cuts.

MOTION PASSED: 4-3 Kniss, Kou, Tanaka no

Mayor Fine requested Staff publish and provide the Council with a list of all Parking Lot items following the meeting.

Vice Mayor DuBois asked Staff to include any dollar amount changes.

Council took a break at 8:52 P.M. and returned at 9:03 P.M.

FINAL MINUTES

- C. Community and Library Services Operating Budget
 - a. Community Services
 - b. Approval of the Preliminary Operating Plan and new Municipal Fees for the Junior Museum and Zoo
 - c. Library Services.

Kiely Nose, Chief Financial Officer and Director of Administrative Services reported the Community Services Department's (CSD) baseline Budget totaled approximately \$32 million, and the Library Services Department's baseline Budget totaled \$10.5 million.

Kristen O'Kane, Director of Community Services advised that not a single program or service stood out as being the first program or service that should be reduced or eliminated. Residents valued each program and service equally. She proposed freezing vacant positions, including three manager positions; increasing cost recovery for some programs; pausing some programs and events; reducing operating hours or closing some facilities; and reducing or eliminating contracts. Major proposed changes included pausing Art Center and Children's Theatre events and teen services programs; reducing parks maintenance contracts; eliminating contract rangers; closing the Baylands Interpretative Center; reducing operating hours at three community centers and the Art Center; increasing cost recovery of middle school and adult athletics programs and the JMZ; reducing special events; and pausing Know Your Neighbors grants. Recreation, theatre and art classes and programs were to continue. Parks, playgrounds and open space areas were to be open and maintained for safety. Community centers remained open with limited hours. The new JMZ was to open in FY 2021. CSD were to continue collaborations with nonprofit partners. Funding for human services needs remained consistent with the levels proposed in the baseline FY 2021 Budget.

Gayathri Kanth, Interim Library Services Director indicated that balancing strategies included eliminating services and operating hours of low usage; focusing on two full-service libraries; and consolidating services to increase efficiency. Major proposed changes were converting the full-service Children's Library to a neighborhood branch; eliminating evening hours at Rinconada Library; closing the College Terrace Library; decreasing the materials budget; and reducing staffing. CSD and Library Staff continued to assist residents at the call center. Four libraries were to remain open. The Library Services Department planned on continuing to expand its online presence with increased online programming and digital resources.

Ms. Nose added that Staff reduced the baseline FY 2021 Budget by approximately 15.1 percent.

FINAL MINUTES

Ms. O'Kane related that Staff presented a Proposed Operating Plan, ticket price and staffing levels for the new JMZ to the Finance Committee in May, 2020. Staff anticipated the JMZ would open in March, 2021. The new JMZ was a state-of-the-art museum that focused on inclusion, accessibility and the highest standards in animal care. The new JMZ was to be larger and have more interactive exhibits than the former JMZ. Staff proposed increasing the ticket cost from \$10 to \$18 for 85 percent cost recovery and family memberships ranging in cost from \$150 to \$430. Staff was exploring adjustments and reductions in educational programming. Based on annual visitation of 185,000 people, the JMZ was to have a net General Fund impact of \$1,644,000 in FY 2021 and \$580,000 in FY 2022. The FY 2021 impact was high because of increased staffing and a partial year of operations. Current staffing was almost 16 FTEs, and proposed staffing was to be almost 7 FTEs. Staff was going to evaluate the feasibility of educational programs and adapt exhibits and programs to social distancing requirements.

Nancy Cohen, Friends of the Palo Alto Library (FoPAL) President related that the FoPAL's Board were going to meet the following day to discuss a grant for the Library.

Karina Chang noted closing the College Terrace Library represented less than 0.4 percent of the original Budget. She inquired whether reduced hours at one of the libraries could fund some operating hours for the College Terrace Library.

Council Member Cormack inquired whether the community could be well served with only two libraries, Rinconada and Mitchell Park.

Ms. Kanth indicated the Library Services Department could provide high-quality service with any level of funding, significant thought and adjustments. The community was going to lose the neighborhood feel of smaller libraries.

Council Member Cormack inquired whether opening the three small libraries two days per week would be feasible.

Ms. Kanth replied it was possible. Staff needed to analyze staffing as well as operational expenses.

Council Member Filseth inquired about the \$168,000 savings from closing College Terrace Library.

Ms. Kanth explained that the College Terrace Library was the smallest library and had few Staff positions and low operating expenses.

FINAL MINUTES

Council Member Filseth requested the square footage of College Terrace Library.

Ms. Kanth remarked that she would provide the information at a later time.

Council Member Filseth asked if there would be costs for re-opening libraries should they be closed for a period of time.

Ms. Kanth answered yes.

Council Member Filseth asked if the public would visit the JMZ with a ticket cost of \$18.

Ms. O’Kane related that a ticket fee of less than \$20 would likely attract visitors.

John Aikin, Community Services Senior Program Manager noted Staff had not conducted focus groups to learn what people were willing to pay.

Vice Mayor DuBois reported expenses for CSD and Library Services comprised approximately 20 percent of overall expenses, and the proposed reductions comprised approximately 27 percent of overall reductions. He asked if Staff considered a partial opening of the Baylands Interpretive Center, particular for school field trips.

Ms. O’Kane replied no.

Vice Mayor DuBois requested the proposed length of the closure.

Ms. O’Kane answered two years. Staff assumed two-year closures for all programs.

Vice Mayor DuBois did not support closures for two years.

Ed Shikada, City Manager explained that Staff was instructed to assume any proposed reductions could be in place for two years.

Vice Mayor DuBois stated the new Council in 2021 could approve reopening some of the facilities. He asked if the theatre closure included productions at schools.

Ms. O’Kane responded yes.

Vice Mayor DuBois asked if Staff considered keeping the main theatre open and increasing the ticket price.

FINAL MINUTES

Ms. O'Kane advised that theatres would probably not be allowed to open until the summer of 2021. Staff analyzed the funding needed for a production with 30 percent of the usual audience to accommodate social-distancing guidelines. People were to pay only so much to attend a children's performance.

Council Member Kniss related that the new JMZ would be amazing. She inquired whether Staff anticipated meeting JMZ projections in light of social-distancing requirements.

Ms. O'Kane explained that Staff was exploring ways to accommodate social distancing.

Council Member Kniss inquired regarding pricing for families.

Ms. O'Kane indicated membership plans were available for resident and nonresident families and families plus.

Council Member Kniss asked about potential attendance on a weekend.

Mr. Aikin related that historical attendance for weekends had been 1,000 people, and Staff believed weekend attendance of 1,500 or 2,000 people was possible.

Council Member Kou asked if Art Center programs and classes for youth and adults would continue.

Ms. O'Kane reported classes and camps would continue at the Art Center.

Council Member Kou requested the rationale for eliminating the Palo Alto Youth Council (PAYC) when it received funding from the Bryant Street Garage Fund.

Ms. O'Kane advised that all funding for teen services would remain in the General Fund.

Ms. Nose explained that a previous Council decided to allocate a portion of the rent from a lease at the Bryant Street Garage to teen services. The funding was not restricted.

Council Member Kou requested the percentage of the rent allocated to teen services.

Ms. Nose remarked that she would provide information at a later time.

Council Member Kou asked if the Council could reinstate funding for teen services.

FINAL MINUTES

Ms. Nose stated the Council could do so, but an offsetting reduction would have to be made in another department.

Council Member Kou requested the rationale for closing libraries rather than reducing hours at all libraries.

Ms. Kanth reported the proposal was based on library usage. College Terrace had the least circulation and fewest visitors of all libraries.

Council Member Kou noted the College Terrace Library was an integral part of the neighborhood and was utilized as a community center. She wanted to return to the issue at a later time.

Council Member Tanaka believed the reductions for CSD were disproportionately high. College Terrace Library seemed to be the number one topic of emails and calls. He asked if another library or community center was located on the College Terrace side of Alma.

Ms. Kanth replied no.

Council Member Tanaka remarked that the College Terrace Library seemed to be heavily used by kids, and most kids did not have cars or drive. College Terrace Library was also used as a community center. The College Terrace Library seemed to provide one of the best returns on investment. He asked if Staff considered that when deciding which libraries to keep open or to reduce hours.

Ms. Kanth answered yes. The College Terrace Library contained 4,860 square feet and provided little space for Staff. Social distancing in that size of a library was challenging.

Council Member Tanaka inquired about the dollar per visitor for College Terrace Library. By his calculation, it seemed to have the best of all the libraries.

Ms. Kanth would provide the information shortly.

Council Member Tanaka recalled that the City sold Transfer of Development Rights (TDRs) in order to renovate College Terrace Library and to make it more serviceable to the community. He questioned the decision to close the College Terrace Library after the City had invested in it. During his office hours, several people volunteered to staff the College Terrace Library in order to keep it open and to reduce staffing costs. He asked if that was a factor in Staff's decision.

FINAL MINUTES

Ms. Kanth advised that the cost per visitor at College Terrace Library was \$4.86. The least expensive library to operate was the Downtown Branch at \$3.94. Several criteria were considered in determining the cost per visitor.

Ms. Nose clarified that \$167,000 could be saved in FY 2021 by closing College Terrace Library.

Mayor Fine indicated many of the proposed reductions were in the teen and art programming areas and questioned whether Coronavirus Aid, Relief and Economic Security (CARES) Act or Community Development Block Grant (CDBG) funding could be used for some of the programs.

Mr. Shikada did not believe CARES Act funding could be used for teen or art programming.

Ms. O'Kane explained that Staff reviewed programs with a lower cost recovery level and attempted to spread the impact of reductions across the department. Staff anticipated funding the programs after a year or two.

Mayor Fine requested the typical hours for visits to Rinconada Library.

Ms. Kanth reported evening hours were not as busy as morning and afternoon hours at Rinconada Library. Most visitors visited the library to study. Most adult programming was held in the evenings.

Mayor Fine questioned whether proposed reductions affected more youth or adult programming.

Vice Mayor DuBois stated that an earlier Council had approved replacing the Teen Center with the Bryant Street garage with the understanding that rent from the fitness club at the garage would fund teen programs. He did not want to change that policy. He inquired whether the City could charge entry fees for art exhibits in an effort to recover costs.

Ms. O'Kane related that Staff could explore charging a fee and benchmark the policy against other City-operated art centers. Art exhibits could be opportunities to use volunteers, donor contributions, guest artists and guest curators.

Vice Mayor DuBois felt it was important to understand that some programming might resume with volunteers. He inquired about administering the Know Your Neighbors program online in order to reduce its costs.

Ms. O'Kane explained that funding for the program totaled \$25,000, and the maximum grant amount was \$1,000.

FINAL MINUTES

Vice Mayor DuBois requested the estimated length of Library closures due to the pandemic.

Ms. Kanth did not know.

Vice Mayor DuBois requested the timeframe assumed in preparing the Budget.

Ms. Kanth hoped some services could resume once some restrictions were lifted.

Vice Mayor DuBois inquired regarding the sanitizing process for materials.

Ms. Kanth advised that materials would be quarantined for 72 hours upon their return to libraries.

Vice Mayor DuBois suggested closing all libraries for six months or staggering hours so that at least one library was open through the day and evening. He did not support the additional FTEs for the JMZ and asked if the current proposal for staffing increased or decreased the number of Staff.

Ms. O'Kane related that the headcount for the JMZ would increase.

Vice Mayor DuBois asked if Staff planned to increase staffing for the JMZ when a hiring freeze had been instituted.

Ms. O'Kane replied yes. Additional staffing was needed because of the size of the facility and the additional animals. The staffing increase was able to be implemented in phases.

Vice Mayor DuBois requested the number of new FTEs.

Ms. O'Kane responded 6.8 FTEs.

Vice Mayor DuBois asked if the JMZ could operate with only 3 new FTEs.

Ms. O'Kane believed FTEs for customer service and support could be decreased for some time period.

Mr. Shikada stated the additional FTEs were comprised of primarily part-time positions. As a new facility, attendance was likely to be high. Because of that, Staff concluded the need for staffing was going to be significant. Staff decided to assume the operations and maintenance of the JMZ because the Friends of the JMZ were not in a position to fill a greater operating role.

FINAL MINUTES

Vice Mayor DuBois agreed with additional staffing during the opening week. However, increasing FTEs for the new JMZ when other facilities were closed did not feel right.

Mr. Shikada noted Staff from closed facilities could be redeployed to fill customer service roles.

Council Member Kou inquired regarding garbage removal from parks and open spaces.

Ms. O'Kane advised that contract rangers removed garbage from Mitchell Park and Rinconada Park, assisted in parks, managed reservations for picnic areas, and handled gate closures.

Council Member Kou asked who would handle these duties if funding for contract rangers was cut.

Ms. O'Kane indicated gates would not be closed or other Staff would be redeployed for these duties.

Council Member Kou remarked that leaving gates open posed safety issues, and leaving gates closed posed access issues. She inquired about the impact of closing community centers one day per week on classes.

Ms. O'Kane clarified that Staff would be present when community centers were closed. Use of community centers would likely be limited to the days they were open.

Council Member Kou questioned whether the 50 percent reduction in parks maintenance should be changed to perhaps 25 or 35 percent given the pandemic.

Ms. O'Kane believed attaining a 50 percent reduction would be challenging while maintaining safety. Staff's initial research found that parks should not be cleaned and did not need cleaning, but Staff continued to research the issue.

Council Member Kou asked if volunteers could provide many of the services Staff proposed to reduce or eliminate.

Mr. Shikada answered yes, but scheduling volunteers to fill regular hours could be challenging.

Ms. O'Kane reported many CSD programs utilized volunteers. In FY 2018, volunteer hours totaled 27,000. Staff hoped to expand the use of volunteers as much as possible.

FINAL MINUTES

Council Member Tanaka commented that closing the College Terrace Library would add 100,000 trips to other libraries. He proposed removing College Terrace Library from the closure list.

Mayor Fine requested Council Members limit their Motions to Parking Lot items. Motions to change the Budget were able to be offered at the next Budget Hearing.

Council Member Tanaka preferred to shift operating hours to the time of day when students could visit libraries and to increase the gap between resident and nonresident fees for all programs and services. He questioned whether the Council could prevent the reduction or elimination of a service or program based on community members' support for the program or service.

Mr. Shikada responded yes.

Council Member Tanaka did not understand how the Council could make tradeoffs without knowing the full extent of proposed reductions.

Council Member Cormack requested Staff comment regarding the feasibility of small libraries being open two days per week.

Ms. Kanth explained that opening a library two days per week was more expensive than opening or closing one library.

Council Member Cormack noted community comments regarding the closure of the College Terrace Library and suggested Staff work with the community to understand the real concerns. She inquired about the services and programs offered by the Downtown Library but not by Children's Library or College Terrace Library.

Ms. Kanth advised that the Downtown Library offered program rooms, small meeting rooms and workforce development. The program and meetings rooms were heavily used.

Council Member Cormack felt the pandemic and resulting financial impacts were an opportunity for the City to create a Volunteer Corps. Volunteers were not able to solve the City's problems in the next six weeks. Equity was an essential concern when considering donations for specific programs and services. She proposed libraries offer for check-out passes for free admission to the JMZ. She requested Staff provide a list of teen programs, their purposes, their participants and attendance. She requested clarification of the reduction in park maintenance.

FINAL MINUTES

Ms. O'Kane indicated the change would eliminate the removal and replacement of dead plants, weeding and tree trimming. Maintenance to ensure safety was to continue.

Council Member Kou requested the Agenda and documentation for the next day's Budget Hearings.

Mayor Fine related that the hearings would utilize the same Budget Books and Council Packet. The Agenda needed to begin with the Community Services Department, Library Services Department and JMZ Budgets.

Mr. Shikada suggested the Council meet on Thursday at 5:00 P.M. Internal Service Departments and the Pension Policy were also on the Agenda for the following day.

Ms. Nose proposed the Agenda for Wednesday begin with Community Services Department, Library Services Department and JMZ Budgets, continue through the Agenda as posted, and conclude with the pension item. Thursday's Agenda was to include Internal Service Department Budgets, Council-Appointed Officers and conclusion of any outstanding discussions.

Vice Mayor DuBois suggested Staff poll Council Members for a third day of Budget Hearings as he had previous commitments for Thursday.

Council Member Kniss added she would not be available Thursday evening.

Council Member Cormack indicated she would not be available Friday afternoon.

Mayor Fine wanted to conclude the hearings during the week so that Staff would have time to respond to Council direction.

Council Member Tanaka questioned whether a different process for reviewing the Budget could be more efficient and effective.

Vice Mayor DuBois agreed that a different process may be more efficient.

Council Member Cormack did not believe referring items to a smaller group of the Council would save time because of the complexity of issues. The Council and the community learned a great deal of information during the day's discussions.

Council Member Kniss concurred with Council Member Cormack.

Council Member Filseth felt the five-minute limit had been effective in advancing discussions.

FINAL MINUTES

Mayor Fine agreed that the time limit was effective if messy. He encouraged the Council to consider whether Motions and proposals focused on minutiae or the big picture.

Beth Minor, City Clerk requested Council Members contact her with the days they were not available.

~~2. Discussion and Direction to Staff Regarding the Establishment of a Pension Funding Policy and Approval of Amendment Number 1 to Contract Number C15159278 to Increase Compensation by \$97,675 for Additional Actuarial Consultant Services for a New Total Not To Exceed Amount of \$230,000. (This item has been continued to May 13, 2020)~~

Adjournment: The meeting was adjourned at 10:54 P.M.