



CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting
May 11, 2020

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:01 P.M.

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

Absent:

Action Item

- ~~1. Update and Discussion of the COVID-19 Health Emergency and the City's Response.~~ (THIS ITEM HAS BEEN REMOVED FROM THE AGENDA)

Agenda Changes, Additions and Deletions

Ed Shikada, City Manager reported Agenda Item Numbers 7A and 11 had been added to the Agenda.

Oral Communications

Hamilton Hitchings supported a requirement for wearing face masks. If the County of Santa Clara (County) issues guidance for face coverings, the City's Order needed to align with it. Employees who interacted with high-risk individuals should be screened for fever prior to their shift.

Consent Calendar

Council Member Tanaka registered a no vote on Agenda Item Numbers 2, 3 and 6.

Council Member Kou registered a no vote on Agenda Item Numbers 2, 3, and 6.

MOTION: Council Member Tanaka moved, seconded by Council Member Kou, third by Council Member Cormack to pull Agenda Item Number 7A, to become Agenda Item Number 12.

Council Member Cormack advised that members of the public provided her with additional information regarding Agenda Item Number 7A.

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MOTION: Vice Mayor DuBois moved, seconded by Mayor Fine, to approve Agenda Item Numbers 2-7.

2. Approval of ten (10) Five-year Contracts for On-call Geospatial Information Systems (GIS) Project Support Services on an As-needed Basis, with: 1) Critigen LLC; 2) GIS Solutions, Inc.; 3) Utility Data Contracts, Inc.; 4) Turf Image, Inc.; 5) Vestra Resources, Inc.; 6) Michael Baker International, Inc.; 7) iSpatial Techno Solutions, Inc.; 8) Geographic Information Services, Inc.; 9) Seven Tablets, Inc.; and, 10) Timmons Group, Inc., C20174611, for an Annual Collective Total Not-to-Exceed Amount of \$700,000 Per Year, and a Five-year Collective Total Not-to-Exceed Amount of \$3,500,000, with All Work Subject to Assigned Task Order and Availability of Funds.
3. Approval of Amendment Number 1 to Contract Number C19170648 With Salas O'Brien Engineers, Inc. for Professional Design Services for the 12kV Electrical Distribution Network Rehabilitation Project at the Regional Water Quality Control Plant (RWQCP) to add Services, Increase Compensation by \$142,939 for a new Not-to-Exceed Amount of \$410,811, and Extend the Schedule for Performance Through December 31, 2022 - Capital Improvement Program Project WQ-19002.
4. Resolution 9886 Entitled "Resolution of the Council of the City of Palo Alto Approving the City's Participation in the State's Clean Fuel Reward Program via the Execution of the Participating Electric Distribution Utility Joinder to the Clean Fuel Reward Program Governance Agreement.
5. Resolution 9887 Entitled "Resolution of the Council of the City of Palo Alto Updating Statutory Findings for Unexpended Development Impact Fees."
6. Approval of an Exemption From Competitive Solicitation and Approval of Amendment Number 3 to Contract Number S16163031 With Triple HS Inc., dba H.T. Harvey & Associates, in the Amount of \$9,799 to Provide Further Professional Services, for a new Total Not-to-Exceed Amount of \$63,828 for the San Francisquito Creek Pump Station Riparian Mitigation Monitoring.
7. Adoption of a Motion Continuing the Proclamation of Local Emergency Due to COVID-19.
- 7A. ~~Approval of Emergency Services Order Requiring the Wearing of Face Coverings.~~

MOTION PASSED FOR AGENDA ITEMS 2, 3, and 6: 5-2 Kou, Tanaka no

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MOTION PASSED FOR AGENDA ITEMS 4, 5, and 7: 7-0

Council Member Tanaka indicated his opposition to Agenda Item Numbers 2, 3 and 6 stemmed from a desire to renegotiate the contracts in an effort to reduce costs. The Agenda Packet did not contain redline versions of the contracts; therefore, he did not know which provisions were amended.

Council Member Kou noted the contracts were negotiated in 2019, when the economy was much better. Staff needed to utilize this opportunity to either cancel or renegotiate the contracts.

City Manager Comments

Ed Shikada, City Manager reported gardening and landscaping were allowed under the Public Health Order. The Council extended the Proclamation of Local Emergency as part of the Consent Calendar. The Shared Streets Pilot Program began the prior week. Construction of the California Avenue Parking Garage and the Highway 101 Bike Bridge were to resume. Sports courts and fields and the skate park were open; the golf course was scheduled to open on May 13, 2020. Parking areas for Foothills Park and the Baylands were open on weekdays only. On May 7, 2020, the Business Roundtable received feedback provided during the three listening sessions. A Slack channel was established for businesses to collaborate. Staff was finalizing details of the Small Business Recovery Grant Program. Programs, shelters, bathrooms and hand-washing stations were available for homeless persons. May was National Bike Month.

Mayor Fine added that the week of May 11, 2020 was Police Appreciation Week.

Action Items

8. PUBLIC HEARING: Recommendation to Allow Expiration of a One-year ban on Office Uses Above the Ground Floor From Participating in the City's Downtown Parking In-lieu Program. Environmental Assessment: Exempt Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15601(b)(3).

Ed Shikada, City Manager reported Staff proposed banning office uses above the ground floor from participation in the In-lieu Parking Program as one of several proposals to support housing development. There were suggestions that the item was inappropriate in light of the public health emergency.

Jonathan Lait, Planning and Community Environment Director advised that the Council considered methods for promoting more housing opportunities in the Downtown area. The Planning and Transportation Commission (PTC)

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discussed whether in-lieu parking was a policy decision that was able to foster the housing development in the Downtown area. The Council referred exploration of the matter to the PTC and imposed a one-year ban. The PTC did not hold a discussion because of Staff vacancies. The question before the Council was whether offices were to be allowed to participate in the In-Lieu Parking Program once again. Existing policies slowed office development Downtown. The Planned Housing Zone (PHZ) was able to foster housing Downtown. If the Council took no action, the ban was to expire.

Public Hearing opened at 5:31 P.M.

Neilson Buchanan stated the Council needed to continue the restrictions on office development as they appeared to be effective.

Hamilton Hitchings supported extending the ban. Waiving parking requirements and not collecting In-Lieu Fees was ludicrous.

Terry Holzemer supported extending the ban. In-Lieu Parking Fees were not sufficient to build parking.

Public Hearing closed at 5:37 P.M.

Council Member Kniss requested the number of office projects in the pipeline.

Mr. Lait related that approximately 18,000 square feet of office space was developed Downtown over the past five years.

Council Member Kniss asked if office development approached the cap in the past two or three years.

Mr. Lait answered no.

MOTION: Council Member Kniss moved, seconded by Mayor Fine, to decline to adopt the Ordinance extending a ban on commercial office uses above the ground floor from participating in the City's downtown in-lieu parking program. This allows the ban to expire and restores the Municipal Code's prior standard.

Mayor Fine recalled the circumstances of the Council imposing the ban for a year. Other, more effective controls on commercial development were in place. Halting commercial development did not create housing. Very few parcels Downtown were able to accommodate onsite parking. Curb cuts for parking lots were not allowed on University Avenue. Both conditions effectively restricted commercial and mixed-use development. With the Council exploring changes and reductions in contract services for the Planning

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Department in the next few days, the PTC discussion was to be further delayed.

Council Member Kou did not appreciate Staff's inability to initiate a PTC analysis or Staff's bringing the item to the Council as though it was a policy discussion.

SUBSTITUTE MOTION: Council Member Kou moved, seconded by Vice Mayor DuBois to adopt the Ordinance extending a ban on commercial office uses above the ground floor from participating in the City's downtown in-lieu parking program and to direct the Planning and Transportation Commission to analyze it.

Vice Mayor DuBois believed In-lieu Fees were more theoretical than practical and seemed to encourage commercial and office space to the detriment of housing. The Council needed to discuss the economic downturn's impacts Downtown, separate from the Budget. He anticipated Single-Occupancy Vehicle (SOV) trips and office vacancies were to increase because of COVID-19.

Council Member Cormack asked if the ban already expired.

Mr. Lait replied yes.

Council Member Cormack asked if the Substitute Motion implied a one-year extension of the ban.

Mr. Lait advised that the Ordinance was written with a one-year extension.

Council Member Cormack proposed amending the Substitute Motion to extend the ban for six months, during which the PTC was to analyze the effects of in-lieu parking.

Council Member Kou did not believe the analysis was to be conducted in six months given the existing staffing resources. In addition, six months was possibly not sufficient time for an in-depth analysis.

Council Member Cormack suggested a ban may be the right idea but the wrong process.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change the Substitute Motion to "adopt the Ordinance ... for a period of six months during which time the Planning and Transportation Commission will make a recommendation and return to Council."

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Mr. Lait expressed concern about the PTC's schedule and advised that he may have to return to the Council for an extension of the deadline.

Vice Mayor DuBois suggested changing the language to allow nine months with the intention to return in six months.

Mr. Lait had originally proposed extending the ban for 18 months. Knowing the Council was going to want the item to return as soon as possible, he reduced the time to a year. The PTC previously planned to include an economic analysis to determine the point at which in-lieu parking became less attractive for housing development. With the Budget shortfall, there was possibly not going to be funding for a consultant to conduct the economic analysis.

Council Member Cormack was not willing to make a decision without the PTC's review.

INCORPORATED INTO THE SUBSTITUTE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to change the Substitute Motion to read, "... for a period of nine months"

Council Member Filseth did not believe the matter was urgent and preferred to obtain the PTC's recommendation. The issue was complicated by the postponement of the Downtown Parking Garage Project.

Council Member Tanaka requested Staff comment on the challenge to resources.

Mr. Lait advised that the long-range planning division had three vacancies and no manager. The Council's discussion impacted the deployment of Staff to address the Council's interests and to review planning applications. Current planners needed to become familiar with policy work before they were able to work on this issue.

Council Member Tanaka asked if staffing for this issue affected other work.

Mr. Lait believed it was a question of the Council prioritizing the matters assigned to Staff.

Council Member Tanaka did not believe much development occurred in the next few months. There was concern about this work affecting other planning needs. He was disappointed that the PTC did not review the In-Lieu Program. He agreed with referring the item to the PTC, but the ban was academic at the current time.

Council Member Filseth suggested the ban could be relevant in a few years.

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Council Member Kniss felt it would be a long time before the Downtown would need the ban. She inquired whether the PTC considered some aspect of this topic.

Mr. Lait reported the PTC had discussed it briefly as part of the Housing Work Plan.

Mayor Fine asked if an exemption to this was an incentive under housing programs.

Mr. Lait responded yes.

Mayor Fine stated the Council failed to comprehensively consider parking in the Downtown.

SUBSTITUTE MOTION AS AMENDED: Council Member Kou moved, seconded by Vice Mayor DuBois, to adopt the Ordinance extending a ban on commercial office uses above the ground floor from participating in the City's downtown in-lieu parking program for a period of nine months during which time the Planning and Transportation Commission will make a recommendation and return to Council.

SUBSTITUTE MOTION AS AMENDED PASSED: 4-3 Fine, Kniss, Tanaka no

9. Staff Recommends the City Council Discuss and Direct Staff to Reduce the Number of Members on the Human Relations Commission and Public Art Commission From Seven to Five; and Reopen Recruitment for Five Member Commissions.

MOTION: Council Member Cormack moved, seconded by Council Member Kniss to:

- A. Direct Staff to reduce to the number of Human Relations Commission and Public Art Commission members from seven to five by bringing an Ordinance to Council (on Consent) making those changes in the Palo Alto Municipal Code; and
- B. Direct Staff to reopen recruitment for the Human Relations Commission and Public Art Commission at five members each.

Council Member Cormack suggested a quorum for meetings could be managed.

Council Member Kniss advised that former Commissioners told her that seven members were optimal.

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Mayor Fine noted the Motion opened recruitments for the Human Relations Commission and the Public Art Commission.

Council Member Kou preferred seven members to ensure diversity and to handle the varied topics presented to the Commissions.

Council Member Tanaka suggested the Commissions determine the number of members.

Molly Stump, City Attorney reported the Council could seek the Commissions' advice, but an Ordinance was needed to set the number of members. Only the Council was able to adopt an Ordinance.

Council Member Tanaka asked if either Commission had recommended a number of members to the Council.

Kristen O'Kane, Community Services Director indicated the Commissions provided some input but had not voted.

Council Member Tanaka proposed amending the Motion to determine whether the Commissions agreed with the proposed reduction.

Council Member Cormack shared information obtained through a survey of Board and Commission members.

Council Member Tanaka asked if the survey found that a majority of Board and Commission members agreed with reducing the number of members.

Council Member Cormack did not know whether a majority of Board and Commission members responded to the survey; therefore, she was not able to say whether a majority did or did not agree with the reduction.

SUBSTITUTE MOTION: Council Member Tanaka moved, seconded by Council Member XXX to ask relevant Commission for their thoughts on the change of the size of the Commission.

SUBSTITUTE MOTION FAILED DUE TO THE LACK OF A SECOND

Mayor Fine remarked that Boards and Commissions were costly in terms of Staff resources.

MOTION PASSED: 7-0

Council took a break at 6:21 P.M. and returned at 6:30 P.M.

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10. Review and Discuss the Revised FY 2021 Proposed Operating and Capital Budget Overview.

Ed Shikada, City Manager reported the Council approved revenue assumptions that resulted in proposals to address the \$39 million General Fund deficit. Based on the Council's discussions over the next few days, Staff were to refine strategies and return with a revised Budget on May 26, 2020. Over the next few days, Staff was to provide stakeholders with opportunities for input. Staff anticipated essential services were to be maintained even with Budget reductions. The Council was to discuss the process for Budget hearings, balancing strategies, service area balancing actions, and services to maintain. Priorities were to support economic recovery, focus on resiliency, seek new methods to conduct tasks, apply a broad-based approach to reductions and use temporary solutions to bridge anticipated revenue loses. Staff proposed reductions that could be sustained over a two-year recovery period.

Kiely Nose, Chief Financial Officer and Director of Administrative Services Department advised that Staff estimated a \$20 million impact to the Fiscal Year (FY) 2019-2020 Budget. Staff was not able to provide accurate information for revenue because of a lag in tax receipts. The cost of transitioning Staff to implement service reductions was unknown. The proposals were to be refined as information became available. On April 20, 2020, Staff had published Operating and Capital Budgets that were based on a normal budget year. Staff Report Number 11322 outlined amendments based on the Council's May 4, 2020 direction to Staff; therefore, the Operating and Capital Budgets needed to be reviewed in conjunction with the Staff Report. The Citywide balancing strategy provided approximately \$20 million in savings. Overall, the potential Full-time Equivalent (FTE) reduction was possibly to affect 91 full-time and approximately 33 part-time Staff. The potential reduction to General Fund expenses was 18 percent. Revenues were to total \$196.3 million, and expenses were to total \$195.4 million. In the baseline Budget, the General Fund transfer to the Capital Fund totaled more than \$30 million. The proposed reduction of \$16.5 million was comprised of reductions in the base amount and the Transient Occupancy Tax (TOT) amount. The balancing strategy assumed a net reduction for the Cubberley lease in the amount of \$2.5 million; a \$2.3 million reduction in the Section 115 Trust contribution; a reduction of \$8.6 million in Other Post-Employment Benefits (OPEB); and a reduction of \$1 million in Internal Service Fund Reserve balances. The following services were to continue: Police and Fire, Utilities, parks, open spaces, recreation areas, trails, libraries, safe roadways and sidewalks, community centers and programming, the Development Center, traffic signal maintenance, and Safe Routes to School. Staff proposed reducing neighborhood, community and library services by \$6.5 million to \$36 million, public safety by \$7.7 million to \$77 million, planning and

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transportation by \$3.7 million to \$19.5 million, infrastructure and environment by \$2.9 million to \$17 million, and internal services/appointees by \$2.7 million to \$22 million. Staff revised proposed Utility Rate increases to 0 percent for Electric, Gas, Water, Wastewater, Fiber and Refuse and 2.5 percent for Storm Drain. The Finance Committee recommended a 3 percent rate increase for Gas. Reductions in the Capital Improvement Program (CIP) were going to result in an overall impact of \$46.4 million.

Brad Eggleston, Public Works Director indicated the recommended CIP maintained funding for the Public Safety Building (PSB), Fire Station 4, the Highway 101 Bike and Pedestrian Bridge, grade separation planning, maintenance projects for City facilities, the Airport Apron Reconstruction Project, six of 13 stormwater management projects, and Regional Water Quality Control Plant projects.

Ms. Nose added that the Council was to review a refined Budget on May 26, 2020 so that Staff was able to make final adjustments and the Council was able to adopt the Proposed Budget on June 22, 2020.

Meghan Horrigan-Taylor, Chief Communications Official reported residents were able to share their Budget priorities and feedback via an online survey. To date, 1,000 people had responded and ranked public safety first, neighborhood, community and library services second, infrastructure and environment third, planning and transportation fourth, economic sustainability and business support fifth, and administration and government sixth. The survey was available until May 13, 2020, after which the community was able to provide input regarding specific Council Budget proposals. The public was able to address the Council during meetings and via email.

Mayor Fine noted the Council was not going to address specific line items and reductions in the current meeting. An At-Places Memorandum outlined a process for the Council.

Hamilton Hitchings suggested a temporary salary reduction for all employees and a salary freeze for two to three years,

Chris Saccheri, College Terrace Residents' Association urged the Council to reject the proposal to close the College Terrace Library.

Doria Suma, speaking as an individual opposed the closure of the College Terrace Library.

Pat Burt recommended Guiding Principles for the Council's discussion and encouraged the Council to reconsider funding Infrastructure Plan projects.

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Kevin Murray implored the Council not to close the College Terrace Library and suggested temporary salary reductions and a reduction in the annual salary increase.

Dan Mahoney stated the Council could defer unnecessary capital projects and needed to freeze overtime.

Lydia Callaghan stressed the importance of Palo Alto Children's Theatre for youth wellbeing.

James Cook opposed the closure of the College Terrace Library.

Madison Sites opposed the closure of the College Terrace Library.

Hank Edson opposed the closure of the College Terrace Library.

Tyler Hoffman requested the Council continue funding for the Palo Alto Children's Theatre and urged the Council to adopt protections for local businesses.

Annette Ross opposed funding reductions for libraries and the closure of College Terrace Library.

Carina Chiang indicated closing the College Terrace Library would have a disproportionate negative impact on residents of College Terrace. She requested the Council restore funding for a partial opening.

Elliott Wright supported opening parks and open spaces.

Rebecca Eisenberg did not understand why the City had not taxed businesses.

Chris Robell encouraged the Council to reduce amounts for contract services by 10 percent.

1510...184 concurred with comments opposing closure of the College Terrace Library.

Council took a break at 8:07 P.M. and returned at 8:19 P.M.

Council Member Filseth inquired regarding the loss resulting from Citywide revenue of \$659 million and expenses of \$752 million.

Ms. Nose explained that a loss was typical because the Enterprise Funds utilized reserves. The balancing strategy did not call for a draw on General Fund reserves.

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Council Member Filseth noted some revenue adjustments were greater than expense adjustments.

Ms. Nose advised that the balancing strategy ensured the Development Center maintained cost recovery levels such that there would be no subsidy or overage.

Council Member Filseth requested an explanation for reducing revenues more than expenses for the Development Center.

Ms. Nose clarified that revenues indicated expected business activity, and Staff anticipated a decrease in revenues due to a decrease in applications and inspections over the next Fiscal Year. Staff aligned expenses with anticipated revenues.

Vice Mayor DuBois inquired whether the historical FTEs included outsourced contractors.

Ms. Nose answered no.

Vice Mayor DuBois requested the number of FTEs that had been outsourced.

Mr. Shikada related that the FTEs were shown in Attachment D for major contracts. Determining the number of FTEs was not possible because the City contracted for level of service rather than FTE.

Vice Mayor DuBois requested the items in the current Fiscal Year that were not spent and were to be carried forward.

Ms. Nose reported re-appropriations were included in the April 20 Capital Budget. Staff was preparing a revised estimate and would provide the information on May 26, 2020.

Vice Mayor DuBois requested the current reserve balances, specifically the Budget Stabilization Reserve (BSR).

Ms. Nose stated the BSR was to have a \$900,000 increase. Staff was able to review rate forecasts for utility funds, which articulated changes to the reserves as a result of the 0 percent rate increase.

Vice Mayor DuBois requested the effects of freezing overtime.

Mr. Shikada explained that most overtime was generated by essential services such as public safety and utilities providing 24-hour service. Freezing overtime was not a viable strategy.

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Vice Mayor DuBois asked if Staff had an update for expenses such that Council Members were able to determine if discretionary spending had been eliminated.

Ms. Nose advised that the \$20 million deficit for FY 2020 was the net of projected revenue and projected net savings.

Council Member Cormack asked if Staff had revised the Proposed Budget with a financial lens or a lens of activities that was to occur under public health guidelines.

Mr. Shikada indicated Staff first considered activities that were to occur and then utilized a financial lens as information became available.

Council Member Cormack requested clarification of the \$16.5 million reduction in capital revenues and the \$8.7 million reduction in capital expenses for FY 2021.

Ms. Nose explained that the Council was to adopt a Capital Budget for FY 2021 while reviewing planned expenses for the next five years. A portion of funds at the end of the Fiscal Year were to be available for use in the following Fiscal Year. Over the course of five years, balancing actions were necessary. Over the five-year period, there was a \$46 million reduction in revenues and a \$41.5 million reduction in expenses. The \$5 million difference represented a draw on reserves in the baseline Budget.

Council Member Cormack inquired about the revised May 12 and 13, 2020 Agendas that did not provide sufficient detail for the Council and community to prepare for the meetings.

Mr. Shikada reported Staff wanted to allow the Council to structure the May 12 and 13, 2020 Agendas and comply with noticing requirements. Staff were to further revise the Agendas based on the Council's discussion in the current meeting.

Council Member Cormack requested clarification of the Council's actions in the current meeting.

Mr. Shikada advised that the four Staff recommendations should guide the Council's actions over the course of the Budget deliberations. The goal for the current meeting was to determine the process and the schedule for Council deliberations over the next two meetings.

Mayor Fine noted the At-Places Memorandum suggested a framework for the Council's process.

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Council Member Tanaka asked when a member of the public could provide comment regarding the Palo Alto Library.

Mr. Shikada related that the Council would determine that. The Council was able to affirm the schedule provided in the original Agenda or rearrange Agenda Items as it wished.

Beth Minor, City Clerk added that, if the Council determined a sequence of items for discussion on May 12 and 13, 2020 Staff was to attach the sequence to the Agendas.

Council Member Tanaka asked about the acronym ISF.

Ms. Nose answered Internal Service Fund.

Council Member Tanaka requested the rationale for showing only FTEs and not differentiating part-time positions.

Ms. Nose stated that the Municipal Code required the Table of Organization to reflect the full-time staffing level.

Council Member Tanaka requested the amount of overtime contained in the Proposed Budget.

Ms. Nose answered \$4.4 million for FY 2021.

Council Member Tanaka asked if Page 41 reflected the total amount of cash.

Ms. Nose explained that the amounts were not cash on hand but balances with adjustments. It was accounting on a modified accrual basis.

Council Member Tanaka asked if Staff had a list of all City facilities that could be rented with square footage for each.

Ms. Nose was able to provide a link to a summary of all leases that the City Manager executed.

Council Member Tanaka wanted a list of City facilities that could be rented but were not rented in order to explore the possibility of the facilities generating revenue for the City.

Mr. Shikada stated Staff would prepare a report and cautioned Council Members that City facilities were not considered Class A space.

Council Member Tanaka inquired regarding Staff's strategy for renegotiating contracts with vendors.

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Mr. Shikada said he would discuss a strategy with department heads and provide a report. He anticipated the success of such a strategy would be mixed.

Council Member Tanaka requested Staff provide a breakdown of structural expenses versus one-time expenses.

Mr. Shikada clarified that generally operating proposals were ongoing expenses and capital proposals were one-time expenses.

Council Member Tanaka requested Staff's approach to increasing fees for residents and nonresidents.

Mr. Shikada advised that Staff had utilized Council policy for fee increases.

Council Member Tanaka preferred to allocate the bulk of fee increases to nonresidents. He requested Staff provide a spreadsheet for the tables of reductions shown in the Staff Report.

Mr. Shikada did not wish to distract Staff from their detailed work on the Budget and projections.

Council Member Tanaka noted a table reflected 103 vacant positions. The average cost of an employee was approximately \$230,000 per year. He inquired whether freezing the vacant positions was to result in a savings of \$23 million per year.

Ms. Nose explained that the vacant positions were Citywide. Funding sources for the positions were different, and funds were not able to be transferred for one source to another. Only the vacant positions in the General Fund were able to be considered in the balancing strategy. Some of the vacant positions were considered essential positions and were being filled with contractors or temporary staffing.

Council Member Tanaka wanted Staff to provide the cost savings of not filling the vacant General Fund positions.

Mr. Shikada commented that unfortunately vacancies did not translate to savings because some vacant positions were critical to services. During Budget deliberations, the Council was able to discuss the services it wished to maintain, and the position needs were to follow the services. Overtime was used to fill vacant positions that were critical, and overtime expenses were not sustainable for the two-year period.

Council Member Tanaka asked if Staff could separate proposed reductions by public-facing services and internal services.

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Mayor Fine remarked that residents utilized all City services.

Council Member Tanaka indicated the Council's goal was to maximize services for residents. One way to do that was to employ more people to deliver services than managers. He wanted to increase the span of control or the number of employees per manager.

Mr. Shikada was not aware of the source for the claim of four employees per manager. The title of manager applied to positions that managed personnel, contracts, or relationships. The span of control metric did not apply to the specifics of services being provided.

Council Member Tanaka asked if Staff could provide an organization chart with the programs, projects, and vendors being managed.

Mr. Shikada advised that a personnel Organization Chart was available, but it was not going to reflect the complement of assignments.

Ms. Nose added that the April 20, 2020 Proposed Budget contained an Organization Chart for each department.

Council Member Tanaka asked if Staff could provide the average cost of an employee's over time.

Mr. Shikada believed the Transparent California Reports were able to provide that information. The reports were available in the Open Data portal.

Council Member Kou asked if the Council would review the Budgets department by department.

Mr. Shikada advised that a combination of the two documents would be useful for the Council discussion.

Council Member Kou inquired whether refinancing existing debt could provide a savings.

Ms. Nose reported Staff had been reviewing that option prior to COVID-19 and planned on presenting potential refinancing as appropriate. The majority of existing debt was not in the General Fund, and refinancing may not provide a savings.

Council Member Kou asked if Staff considered Community Services programs that were and were not offered under public health guidelines.

Mr. Shikada answered yes.

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Council Member Kou expressed interest in the increased cost for sanitizing facilities open to the public. She requested a timeframe for Staff to provide financial and economic updates to the Council.

Mr. Shikada related that Staff had not determined a timeframe. The proposed reductions were to dramatically affect personnel and expenditures over the next few months. Staff was likely to not have accurate information regarding expenses and revenues for several months.

Council Member Kou inquired regarding negotiations with Palo Alto Unified School District (PAUSD) for the Cubberley site.

Mr. Shikada explained that the proposed reduction reflected termination of the existing lease with PAUSD and leasing individual facilities at Cubberley. The question was the number of individual facilities the City was able to afford to lease. Staff also notified PAUSD of the City's need to reduce expenses for services such as crossing guards and School Resource Officers (SRO).

Council Member Kou requested the name of the party responsible for setting the lease amounts for individual facilities.

Mr. Shikada related that the terms were not settled.

Council Member Kou asked if Staff discussed middle school sports with PAUSD.

Mr. Shikada suggested discussing middle school sports as part of the Community Services Budget.

Council Member Kou stated PAUSD may want to partner with the City for shuttle service because many students used the shuttle.

Council Member Kniss commented that the new Fiscal Year would begin in six weeks, but life would not return to normal in six weeks. She supported Staff attempting to renegotiate contracts in an effort to save money. The City was utilizing Cubberley on a month-to-month lease. PAUSD was not going to be happy with changes.

Mayor Fine inquired about service changes that were driven primarily by the public health crisis.

Mr. Shikada reiterated that increased expenses related to the public health emergency would be determined.

Mayor Fine asked if the baseline rate change recommendations would increase the average monthly bill by \$8-\$9.

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Ms. Nose replied that the increase would be approximately \$7.50.

Mayor Fine inquired about the reason for the reduction to the General Fund transfer to the CIP.

Mr. Shikada explained that Staff attempted to anticipate the Council's preferred amount.

Mayor Fine asked if Staff prioritized projects for postponement and the use of funding if the Council reduced the General Fund transfer to the CIP further.

Mr. Shikada responded no. He recommended the Council not reduce the transfer more than the General Fund portion of the transfer as the community expected the TOT portion to be used for infrastructure projects.

Mayor Fine preferred to utilize the Agendas originally published for May 12 and 13, 2020.

Vice Mayor DuBois proposed the Council's consideration of reductions begin with its values. Some partial reductions and some deferrals were able to shift the balance of reductions. The Council needed to consider using reserve funds and thoroughly discuss decisions that could be irreversible. Perhaps parking lot items were able to include a challenge for Staff to find a partial solution within parameters set by the Council. The proposed timeline was appropriate for the usual Finance Committee review of the Budget but not for the current Council review. He proposed the Council begin their deliberations with the CIP, the reserves, and the Pension Policy and discuss reductions for one year rather than two years. Balancing the FY 2020 Budget with the BSR was a mistake, and the Council needed to consider using other reserve funds and returning some funding to the BSR. He concurred with comments for the Council to discuss the renegotiation of contracts. The Council was possibly going to want to compare each service area's percentage of the Budget to its percentage of cuts as a way to determine if the reductions for each service area were appropriate.

MOTION: Vice Mayor DuBois moved, seconded by Council Member Tanaka, to swap Item Number 4 (General Fund Capital Budget) from the May 13, 2020 Budget Hearing for Item Number 2 (Infrastructure and Environment) on the May 12, 2020 Budget Hearing.

Council Member Tanaka liked the suggestion to begin with a discussion of values and to deliberate the largest items first.

Council Member Cormack noted the largest proposed reductions affected public safety, which was the City's primary responsibility. She preferred to

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deliberate public safety and neighborhood, community, and library services first because they were going to generate the most discussion. The magnitude of the community's concern about proposed reductions in those two areas were to inform the Council's consideration of the Capital Budget.

Council Member Filseth commented that addressing infrastructure and the BSR first in order to frame deliberations of services was reasonable.

Council Member Kniss felt addressing public safety first was logical.

Council Member Kou supported the Motion.

Mayor Fine noted the General Fund transfer to the CIP was \$16 million in comparison to the \$200 million General Fund, which was mostly departmental services.

Mr. Shikada suggested the Council not expect to reallocate funds from the CIP because the projects were funded with a mix of sources. Funds from those sources often were not to be used for other purposes.

Ms. Nose clarified that the Tuesday Agenda was to begin with the non-departmental section and be followed by the CIP Fund, public safety, and neighborhood, community, and library services. The Wednesday Agenda was to begin with any items not completed on Tuesday and be followed by the Municipal Fee Schedule, planning and transportation, utility and public works, and the pension policy. At the beginning of each day, Staff was to review the Council's decisions from the prior day and the effects of those decisions on the Budget. At the end of Wednesday's Agenda, there was time for the Council to wrap-up its discussions from the prior two days.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "... incorporate direction provided by Staff in the May 11, 2020 Memorandum for Agenda Item Number 10."

Mr. Shikada proposed the Council move the pension Agenda Item from Wednesday's Agenda to the end of Tuesday's Agenda as few members of the community were probably interested in it and to add time on Wednesday for the Council to revisit previous discussions. With this schedule, each day was to begin with public-facing services and progress to internal services.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "... and move the pension item (Agenda Item Number 5 from May 13, 2020) to May 12, 2020."

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Council Member Kou asked when a revised Agenda would be available.

Beth Minor, City Clerk advised that Staff was going to need to review the revisions. Revised Agendas for Tuesday and Wednesday were to be available just after the current meeting or early the following morning.

MOTION AS AMENDED: Vice Mayor DuBois moved, seconded by Council Member Tanaka, to swap Item Number 4 (General Fund Capital Budget) from the May 13, 2020 Budget Hearing for Item Number 2 (Infrastructure and Environment) on the May 12, 2020 Budget Hearing, incorporate direction provided by Staff in the May 11, 2020 Memorandum into Agenda Item Number 10, and move the pension item (Item Number 5) from May 13, 2020 to May 12, 2020.

MOTION AS AMENDED PASSED: 7-0

11. Supporting Santa Clara County COVID-19 Testing-Tracing-Isolation Program.

Ed Shikada, City Manager reported the Council Packet contained a Memorandum regarding testing and tracing. The availability of testing and the tracing workflow were National and State concerns with respect to stimulating the economy. Stanford Health Care was increasing its testing activity.

Nancy Olson, Stanford Health Care advised that obtaining testing supplies had been a major issue. Stanford's testing increased from 500 tests per day to 1,500 tests per day. Guidelines prioritized testing of symptomatic individuals, individuals with known exposures, first responders, and healthcare workers. On Wednesday, Stanford was to begin testing asymptomatic first responders and essential workers and continue through Friday or until supplies were consumed. Private and public insurers were to be billed for the tests, but individuals had to pay nothing even if they were uninsured.

Council Member Kniss inquired about Stanford's contribution to the goal of 4,000 tests per day in Santa Clara County.

Ms. Olson indicated Stanford conducted testing for Valley Medical Center and Santa Clara County Public Health.

Council Member Kniss asked if Stanford would absorb the number of tests needed in North Santa Clara County.

Ms. Olson reiterated that tests would be conducted until supplies were exhausted. The goal was 2,500 tests per week.

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Council Member Kniss asked if Stanford had considered purchasing supplies from an outside vendor.

Ms. Olson did not know.

Council Member Kniss commented that not knowing the number of tests conducted in the County was challenging. Testing was needed to determine the locations of outbreaks. She was not aware of any reliable serological test. Alameda and Contra Costa were conducting many tests at the counties' expense. She inquired whether Staff believed Stanford had sufficient resources to test everyone who needed to be tested prior to reopening.

Mr. Shikada explained that the City was not able to execute the testing/tracing/isolation workflow. The County of Santa Clara (County) asked all cities to identify human resources Staff that were able to participate in contact tracing. The City was able to support the County better than they were able to initiate an independent testing operation.

Council Member Kniss asked if the City Manager would object to the County locating a testing site in Palo Alto or Mountain View.

Mr. Shikada answered no.

Council Member Tanaka believed the City should assist the County as much as possible. He inquired whether employees or community members had volunteered for contact tracing.

Mr. Shikada replied community members.

Council Member Tanaka remarked that testing, contact tracing, and isolation had to be in place before businesses could reopen.

Council Member Cormack wanted mobile testing for senior residences and eventually schools. The County was looking for individuals that were able to volunteer for a minimum of six months, spoke Spanish or Vietnamese, and had a healthcare background to trace contacts. The County asked cities to provide safe isolation spaces.

Vice Mayor DuBois indicated the purpose of the County program was to obtain a statistical sample of the location and spread of COVID-19. He was interested in the role of temperature and oxygen testing for sick workers. The City's newsletters was to include the County's need and requirements for investigators.

Mr. Shikada advised that the information was in the latest newsletter.

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Vice Mayor DuBois suggested the City contact hotels about offering rooms for isolation at a discounted rate.

Mr. Shikada reported Staff had identified a few properties.

Council Member Kniss noted Fremont and Hayward were using mobile facilities for an enormous advantage.

MOTION: Council Member Kniss moved, seconded by Council Member Cormack to support Santa Clara County efforts regarding increased testing in North Santa Clara County.

Council Member Tanaka proposed an Amendment for the City to identify employees, particularly those who were idle, who were able to contribute to the County's contact tracing initiative.

Mr. Shikada indicated Staff was not idle because they had been redeployed.

MOTION PASSED: 7-0

12. (Former Agenda Item Number 7A) Approval of Emergency Services Order Requiring the Wearing of Face Coverings.

Matthew Smuts, Grace Lutheran Church Pastor expressed concern that faith community leaders conducting online worship services while wearing masks could alarm the community. Perhaps the City was able to provide an exception.

Council Member Kniss noted guidelines encouraged the wearing of face masks but did not require it.

MOTION: Council Member Kniss moved, seconded by Council Member Kou to approve the issuance of the attached Emergency Order, by the Director of Emergency Services, requiring the wearing of face coverings, subject to certain exceptions, to slow the spread of COVID-19.

Molly Stump, City Attorney clarified that Staff drafted the Order such that the City Manager was to issue the Order and the Council was going to support it. She inquired whether the intention was to support the regulation.

Mayor Fine asked if the regulation required the wearing of face masks except when exercising.

Ms. Stump reported the regulation encouraged individuals to wear face masks when engaging in outdoor recreation and required those individuals to comply with Social Distancing Requirements.

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Council Member Kniss wanted a requirement for wearing face masks in public with an exception for vigorous exercise only.

Ms. Stump indicated the regulation contained that language and exceptions for children age 2 years or younger and individuals with medical conditions for whom wearing a face mask was dangerous.

Council Member Kou proposed an Amendment to require people in parks to wear masks.

Council Member Kniss believed wearing face masks in parks was implied.

Council Member Kou clarified that exceptions for walking and hiking should be removed.

Ms. Stump advised that public health professionals drafted the language, and the language addressed Council Member Kou's concern. The larger issue was education, encouragement, and enforcement when necessary. Rather than adding language to the regulation, City messaging was able to achieve greater compliance.

Council Member Kniss noted the regulation allowed the issuance of an administrative fine.

Ed Shikada, City Manager added that Staff was preparing educational messaging and graphics.

Council Member Cormack understood the County of Santa Clara (County) had issued an Order requiring people to wear masks inside businesses.

Ms. Stump explained that businesses had to establish regulations to ensure Social Distancing Requirements were met. The County had not required face masks for members of the public and employees in all businesses.

Council Member Cormack asked if delivery drivers would have to wear face masks when outside their vehicles.

Ms. Stump clarified that an employee driving alone did not have to wear a face mask but was required to wear a face mask outside a vehicle.

Council Member Cormack noted trails at Foothills Park were one-way. She asked if face masks were required for walking a dog.

Ms. Stump answered no.

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Council Member Cormack asked if masks should be worn in common areas of multifamily residences.

Ms. Stump replied yes.

Vice Mayor DuBois asked if an individual broadcasting from the privacy of a church had to wear a face mask.

Ms. Stump clarified that face coverings were not required if the pastor was alone.

Vice Mayor DuBois inquired whether individuals within a social bubble were required to wear face masks when at home.

Ms. Stump indicated individuals within the same household did not need to wear a mask within the household.

MOTION PASSED: 7-0

Council Member Questions, Comments and Announcements

None.

Adjournment: The meeting was adjourned at 11:14 P.M. in honor of Carleton Hoffner Jr., who utilized his special skills in business administration and Public Works while serving on the Palo Alto Utilities Advisory Commission (1991-1994).