



# CITY COUNCIL SUMMARY MINUTES

Special Meeting  
Monday, February 13, 2023

## CALL TO ORDER

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 3:30 P.M.

Present In Person: Burt, Kou, Lauing, Lythcott-Haims, Stone, Tanaka, Veenker

Present Remotely: None

Absent: None

## SPECIAL ORDERS OF THE DAY

### 1. Recognition of the Palo Alto Library as a Five Star Library

Mayor Kou thanked and congratulated Library Director Gayathri Kanth, Palo Alto Library staff, Friends of the Library, and the Teen Library Advisory Board. Library Journal's Index of Public Library Service recently recognized Palo Alto Library as a Five Star Library. The library was one of only five in California to receive a Five Star rating.

Library Director Gayathri Kanth recognized the flexibility and effort of Library staff. She thanked members and the community, the City Manager and City colleagues for bringing services to the community, and City Council for increasing funding.

A photo was taken of Library staff and City Council.

## AGENDA CHANGES, ADDITIONS AND DELETIONS

City Manager Ed Shikada noted there were no specific changes. He expected the Buena Vista Mobile Home Park update to start at 7 P.M., but was subject to change. There would be one presentation covering both study session items because they were so closely related.

## CONSENT CALENDAR

### 4. Approval of Minutes from the January 28, 2023 and January 30, 2023 City Council Meeting

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5. Adoption of Resolution 10095 Adopting Updated Guidelines for the Submission and Tabulation of Protests in Connection with Rate Hearings Conducted Pursuant to Article XIID, Section 6 of the California Constitution and Repealing and Replacing Resolution 8815; CEQA status—not a project.
6. Approval of a 6-year Contract with Manesco Corporation in an Amount Not-to-Exceed \$697,326 to Conduct Annual Walking and Mobile Gas Leak Surveys and Annual Resurveys of Existing Gas Leaks to Begin March 2023 (\$633,932) and Authorization of Contract Contingency (\$63,393); CEQA status—exempt under CEQA Guidelines sections 15301(c) and 15308.
7. Approval of a Purchase Order with Interstate Truck Center in an Amount Not to Exceed \$297,244 for the Purchase of Two 2023 International CV Chipper Body Trucks, Utilizing a Cooperative Purchase Agreement, Funded by Capital Improvement Program Project VR-23000

## **Removed From Consent**

### PUBLIC COMMENTS

There were no public comments.

Council Member Tanaka registered a no vote on Agenda Item Number 6.

Council Members Veenker, Lythcott-Haims, and Tanaka requested to pull Agenda Item Number 7.

City Manager Ed Shikada declared that Item 7 would be scheduled for a future Council meeting.

**MOTION:** Vice Mayor Stone moved to approve the Consent Calendar, which was seconded by Council Member Veenker to approve Consent Agenda Items 4, 5, 6

**MOTION PASSED ITEMS 4, 5: 7-0**

**MOTION PASSED ITEM 6: 6-1**

Council Member Tanaka voiced two objections to the six-year contract with Manesco Corporation – the prior contract amount was not in the Staff Report, and it identified 128 unresolved natural gas leaks.

### CONTINUED ACTION ITEM FROM FEBRUARY 6, 2023

- AA1. Approval of the 2023 City Council Priority Focus Areas, and Objectives Areas, Objectives, and Respective Major Projects for Calendar Year 2023 (Item continued from February 6, 2023 Meeting)

City Manager Ed Shikada thanked City Council for their efforts in outlining time-bound exempt objectives and implored the Council to determine priority focus areas and direction to meet

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objections. He recognized the tensions between capacity, resource limitations, and potential additional objectives.

Assistant to the City Manager Lupita Alamos presented the four priority areas adopted by Council on January 28, 2023 – economic recovery and transition, climate change and natural environment, housing for social and economic balance, and community health and safety. She outlined the overarching objectives within each priority area, pending projects within each objective, and those requiring allocation of resources. She urged City Council to provide direction and approval of the objective areas, the projects, and resource allocation.

## PUBLIC COMMENTS

Ken Horowitz asked Council to define the priorities to be completed in 2023, assign Council members to monitor the one-year priorities, and develop a business plan for each priority.

Arnout Boelens, Chairperson of Palo Alto PTA's Safe Routes to School, urged Council to work on a road safety policy ASAP as part of the community health and safety and climate change priority areas. He brought 16 letters of support, 450-plus petition signatures, and audience members in support of a Safe Systems policy with an ambitious timeline for achieving zero severe road injuries and fatalities. He asked the Council to allocate a \$40,000 match to the Safe Streets for All Grant toward a Safe Systems policy.

Eric Nordman asked City Council to adopt a Safe Systems approach to transportation, which was proven to dramatically reduce injuries and deaths of pedestrians, bicyclists and drivers. He urged Council to expedite updating the Bicycle and Pedestrian Transportation Plan (BPTP) (the last update was over 11 years ago) to avoid losing grants because of delays.

Nikita Kutselev supported the road safety policy and presented a petition with more than 300 signatures for protected bike lanes. He quoted the Safe Routes to School document wherein the Office of Transportation recommended the bike lanes on the busier, high-speed roads with unprotected lanes not be used.

Nicole Zoeller Boelens urged the Council to make use of the Safe Streets for All Grant and to move forward with creating a road safety policy.

Penny Ellson asked the Council to prioritize the Safe Systems approach in transportation planning, to work toward developing a Safe System policy recommendation, and to set an ambitious timeline for pursuing zero severe injuries and roadway fatalities. She urged the Council to better align the City's policies to federal and state policies to better be able to receive grant money and to create comprehensive plans for proposed new housing in South Palo Alto.

Angelina Rosh represented the Palo Alto Student Climate Coalition and urged City Council to increase road safety, thereby improving environmentally friendly modes of transportation, and

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to become proactive by implementing the Safe Systems policy, which would improve safety for children and pedestrians and likely increase bicycle use in the city, thereby reducing emissions.

Shree Sandilya, President of the Gunn Bike Club, urged the Council to implement the Road Safety policy and to value pedestrian safety. He cited 86 victims and 13 fatalities of severe crashes between 2010 and 2019.

Ying Chin Tseng expressed gratitude to the Council for prioritizing health and safety as a 2023 goal. She read a letter her son had written regarding biking to school and traffic dangers.

Erik Gutfeldt, a 40-year resident of Palo Alto and long-time bicyclist, emphatically supported the Safe Roads policy, which would improve safety and increase bicycling.

Anthony Montes represented the Silicon Valley Bicycle Coalition and supported a Safe System approach in Palo Alto, which would supplement the City's current policy, systemically encourage people to use the policy, and enact proper responses to accidents.

Mark Shull discussed how SFO air traffic over Palo Alto had grown since 2000 from 70 to over 200 flights per day in a narrowly concentrated path and with frequent arrivals. He requested City Council forcefully push for a seat at the FAA roundtable and Next Gen Advisory meetings. He would send Council a summary indicating why Palo Alto deserved to be on the SFO's official roundtable. He supported the comments made regarding bicycle safety policies.

Keri Wagner, President of the Palo Alto Council of PTAs, supported the Bike and Safety Plan and urged City Council to prioritize the Safe Streets plan. She stated the plan supported all three community and health and safety priorities.

John Kelley echoed the need for clear, one-year priorities and called the Safe Systems approach vital for the community. He suggested that Council clarify its overall priorities and make climate goals number one and housing goals number two. He requested Council set a sunset date for methane in Palo Alto to be December 31, 2026, and to enact it by the end of the second quarter of 2023. He encouraged the Council to adopt an HCD-approved housing element by July 1, 2023, and an HCD-guided ADU ordinance by March 1, 2023.

Rebecca Ward discussed air traffic, increased noise, and associated health risks due to FAA Next Gen and SFO traffic. She asked the Council to treat this as a serious health and safety issue and to apply the needed resources to remediate it.

James Stoyell asked the Council to prioritize the Safe Systems approach to road safety and shared that many people did not feel safe bicycling in Palo Alto.

Margarita Mendez, a middle school teacher, shared her bicycle-vehicle collision story, which occurred in the bike lane on California Avenue. She urged City Council to focus on road safety, specifically for bicyclists.

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Amie Ashton, Board Chair of the Silicon Valley Bicycle Coalition, supported the Safe Systems policy.

Liz Gardner believed that safe street planning would increase quality of life, and she described various other possible benefits. She called attention to cracks and gravel between Sandhill and Charleston, which made travel stressful.

Frank Viggiano spoke in favor of the Safe Systems approach, which had been shown to work in other communities and aligned with Council's climate and environmental goals.

Ken Kershner, co-founder of a transportation vehicle startup company and advocate with the Silicon Valley Bike Coalition team, encouraged adopting a Safe Streets policy, which would promote more people bicycling and improve safety.

Vice Mayor Stone asked staff about revisions to the tree ordinance; if the goal to evaluate opportunities for new parking facilities in downtown would include prior direction on potential affordable housing; if staff anticipated bringing back to Council prior to the end of the year a permanent ordinance or recommendation for car-free streets in regard to Item J; for an explanation of the timeframe for the rental registry; and if Item P, grid modernization, would include lobbyists at the state and federal level.

Public Works Director Brad Eggleston stated staff received concerns from community members at the time the updated tree ordinance was adopted. Part of Council's original motion was to look at those concerns after a year and potentially have a discussion with PRC and PTC with appropriate amendments being brought to Council.

City Manager Shikada confirmed that potential parking facilities were to be considered in conjunction with affordable housing. He clarified that Item P was specifically focused on local efforts, so additional interest at the State level was not included. He did not anticipate having the results of the feasibility analysis related to car-free streets before the year's end.

Chief Transportation Official Philip Kamhi noted why they would be requesting an extension of the temporary street closure related to Item J.

Planning and Transportation Director Jon Lait shared that the goal was to have something ready for Council's consideration around this time next year related to the rental registry.

Council Member Lauing sought clarity on the bullet point regarding the treatment of residential and commercial vacant property of Oakland and San Francisco and what needed to be done to implement stakeholder engagement and implementation of the new business tax.

Assistant City Manager Kiely Nose responded that the bullet point related to treatment of vacant property identified areas of interest for Council. It was up to Council if it was to be adjusted or amended or if would be a high priority. She discussed the two aspects of stakeholder engagement and implementation of the new business tax.

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Council Member Burt recommended it be listed as such if street design was included in the task of car-free streets. He requested information regarding the California Avenue streetscape and suggested announcing that the project would occur this year and that it be described in a way other than project management. He asked what area the downtown housing plan covered and recommended being clear about the plan referring to University Avenue and that it was a grant-funded plan. He did not see that the rezoning process included for Cal Ave.

Chief Transportation Official Kamhi confirmed that street design was included in the task of car-free streets.

City Manager Shikada voiced there was a project underway that included the development of streetscape designs. There was not a design contract in place for California Avenue, but there was a contract for project management and an RFP to do the feasibility study for it being permanently maintained as car-free. Regarding the downtown housing plan, he clarified that it did not include Cal Ave, and it was a grant-funded project.

Director Lait agreed with the City Manager's comments related to the downtown housing plan. He explained why the rezoning process for Cal Ave was not included on the current list. He could obtain the schedule, but it was not scheduled in the next year.

Council Member Veenker asked about the status and budget for the climate change protection of Items T, U, and V and for more information on the housing production policies. She supported process improvements, but she wanted to know what was being envisioned in broadening the allowable ADUs.

Director Eggleston described the three studies that needed to be done during the S/CAP work in regard to climate change. He hoped two of the plans would be accepted by Council by the end of the year with the third being a preliminary draft. As for funding, the early round estimate was close to \$1M. RFPs were being developed to hopefully get studies underway. He elaborated on the strategic plans for EVs, reliability and resiliency, and the electrical grid. He explained the study on resource needs and project opportunities.

Director Lait commented there would be an ordinance coming to City Council that would advance some recommendations from the PT&C to the existing ADU ordinance and would incorporate direction received from HCD. It would not include taller ADU heights throughout the city. If that was an interest of the Council, he would need additional direction. They were scheduled to return to the Council within the second quarter with the changes.

Council Member Lythcott-Haims expressed a desire to combine 2022 progress with plans for 2023. She commented on the lack of references in the Housing Element to San Antonio, El Camino Real, and the Research Park area. She sought clarification on new components of the Housing Element that Council did not fully deliberate, which were MM, NN, and OO.

Director Lait explained that a specific recommendation regarding to the Housing Element was not embedded in the summaries. Through this conversation, he thought Council would give

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staff direction to advance. There was no coordinated area plan or comprehensive study for San Antonio Road. If Council wanted to advance that, it could be included as a workplan interest for the Council. He indicated why the El Camino Real study had not been discussed recently. There would be new items forthcoming in the current year that needed adoption in relation to the Housing Element.

City Manager Shikada commented, regarding new components of the Housing Element, that items listed as new or items staff advanced as a part of Council's retreat was not intended to be reflected in the document.

Council Member Tanaka asked how Council Members would add items to the agenda and for a status update on the Scooter Share that Council approved three years ago.

Chief Transportation Official Kamhi noted the Scooter Share was not currently resourced but would hopefully be added next year. He shared a number of difficulties with implementing a scooter share or bike share program, including the potential for litter, hazards, and companies changing their business models. He also noted that funds were diverted toward car-free streets.

City Manager Shikada declared that items referred to the Council standing committees would return to Council on February 27, 2023. He shared, regarding the Scooter Share, there needed to be explicit information on funding for objectives and that it could be pursued.

Mayor Kou sought clarification on incorporating Council items into the priorities list. She asked how to implement the Safe Streets policy on State-owned streets and if the Scooter Share Program was a pilot program. She also discussed the need for enforcement and education of bicycle safety.

City Manager Shikada remarked that as a general rule a Council vote would be required to incorporate items in the priority list. Scooter Share was a pilot program.

Chief Transportation Official Kamhi noted items connected to the Council priority on climate change protection included the BPTP update and two items related to the S/CAP. They were selecting a vendor for the BPTP update, and a task had been included to develop bicycle network enhancements, which he outlined. He noted tasks to be included in the BPTP update S/CAP.

Vice Mayor Stone asked the difference between the BPTP update and the Safe Systems approach. He was happy to see the City-wide strategy being developed to connect the unhoused community to housing and services and that there would be greater engagement with SFO on GBAS. He requested staff's plan for education outreach and community engagement regarding the San Francisquito Creek flooding. He desired adoption an ordinance implementing a comp plan policy program on creek setbacks. He voiced concern over a lack of focus on mental health services and suggested a more proactive approach.

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Chief Transportation Official Kamhi described the Safe Systems approach as a policy that would be developed within the BPTP.

City Manager Shikada shared that there was an upcoming board meeting and neighborhood meeting regarding San Francisquito Creek. He expected ongoing outreach and status check-ins with community members. The midyear meeting would provide an opportunity for further discussion and direction related to mental health.

Community Services Director Kristin O’Kane discussed various funding and supports with respect to mental health. The plan continued current supports but did not identify new areas of funding.

Council Member Veenker asked about completing the reopening of libraries and if the pre-pandemic level budget would allow libraries to be open on Sundays and if Item XX included the TRUST and MCRT programs.

Director of Library Services Gayathri Kanth shared that the library was open 265 hours pre-pandemic and with the budgeted opening, it would be 201 hours. Rinconada and Mitchell would operate six days and the smaller libraries four days. The Mitchell Park Library would require new employees before it could open on Sundays, which was included in the budget.

Deputy City Manager Chantal Cotton-Gains indicated there were three programs – PERT, MCRT, and TRUST. It was intended that 9-8-8 could be called for MCRT and TRUST and 9-1-1 for PERT. She noted there was earmark funding awarded to the City, which was being tagged on to bolster the TRUST Program for services to Palo Alto, Mountain View, and Los Altos.

City Manager Shikada noted that MCRT and TRUST were County programs.

Council Member Burt asked how to proceed with there being a full agenda and Item AA needing much discussion.

Mayor Kou provided suggestions to move forward.

Council Member Burt remarked that Community Health and Safety should be cross referenced with the BPTP; that the BPTP Plan was three years late in starting; the Climate Change Adaptations and Mitigations did not address the sea level rise plan or mega wildfire risks; and under Housing for Social and Economic Balance, Housing Element sites needed to be identified, including seeking grants for a coordinated area plan.

Mayor Kou asked if the objectives being identified were to go to staff or the standing committees.

City Manager Shikada indicated that many of the objectives would come back to the standing committees for recommendation to the Full Council. All would come back to the Full Council.

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Council Member Lythcott-Haims commented there was an interdisciplinarity that needed to be recognized, such as the BPTP Plan being on the list as climate but was also a public safety issue, etc. She asked who was responsible for the condition of El Camino Real.

City Manager Shikada spoke of presenting the El Camino Real issue to Caltrans as it was their responsibility. Staff would continue their advocacy and suggested all parties do the same.

Mayor Kou specified, in terms of El Camino Real, that staff needed to reach out to Caltrans as their input and cooperation were needed in developing a comprehensive plan for safe streets. All involved in the road system needed to be part of the discussion.

City Manager Shikada would, as a next step, recognize the multiple benefits and crossover of individual objectives.

Council Member Lauing endorsed Council Member Burt's comments, especially regarding sea rise. In regard to commercial quarters downtown and Cal Ave, it needed to be specified what was Cal Ave, what was downtown, and which was both. He opined that the wording downtown area plan needed to be used. He suggested there be a standing committee with regard to housing for accountability and oversight. He thought language regarding safety should be incorporated into the bike and pedestrians master plan. He would later address suggestions he had for wording in regard to climate change and environment.

Council Member Tanaka opined it would be good to know where there was latitude related to certain issues, so staff would know the priorities. He thought paving needed to be a priority for biking and wanted a better understanding of plans for protected bike lanes. He inquired if subsidies for EVs included smaller, more affordable mobility vehicles such as E-bikes, etc., and thought it should be a priority.

City Manager Shikada did not know if the objectives in front of the Council included subsidies for E-bikes, etc. A program had not been proposed for subsidies.

Council Member Burt indicated that subsidies for EVs was listed in the S/CAP goals and key actions for the three-year plan and had been discussed as a priority within the S/CAP Ad Hoc.

Mayor Kou queried if The Bowl bike path and Cypress Lane were included the in BPTP study and the course for the continuing evaluation of Cypress Lane.

Director Kamhi noted that the BPTP was a comprehensive look at a bicycle and pedestrian network throughout the city, which would explore creating new pathways and new connections. There would be community outreach, which would help identify priority areas.

City Manager Shikada believed Cypress Lane was a budgetary item and potentially a policy issue for the Council but he would follow up.

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Council Member Lythcott-Haims requested the words in the parenthesis in the Housing for Social and Economic Balance section under bullet point one be stricken from the document.

Discussion ensued with respect to the motion regarding climate change, health and safety related to La Comida, sea level rise adaptation, plans for San Antonio, dewatering, continued priorities, clarity of objectives, and greening of Palo Alto Airport, and it was determined that items would be returned to Council for additional discussion and for review of incorporation into subsequent plans. There would be a study session in a few weeks regarding the greening of Palo Alto Airport.

**MOTION:** Mayor Kou moved, seconded by Council Member Burt to approve the proposed objective areas, projects and resource allocations to advance the Council's 2023 priorities. Items to be returned to Council for additional discussion for consideration into 2023 objectives:

- A. Bulleted areas of focus and priority identified by City Council during their retreat discussion
- B. Discuss plans for commercial dewatering requirements
- C. Facilitate a location for La Comida in North Palo Alto
- D. Determine next steps for the sea level rise and adaptation plan
- E. Construct preliminary plans for Area Plan at San Antonio and housing zoning upgrades for Cal Ave, Downtown and El Camino Real
- F. Adopting a safe system policy
- G. Increase youth mental health support and funding
- H. Evaluate funding and plan to return library services to pre-pandemic levels
- I. Remove parentheses under bullet one for Housing for social and economic balance
- J. Initiate zoning changes consistent with the Comprehensive Plan regarding creek corridor setbacks

Council Member Veenker supported the motion. She questioned if Item JJ (Housing) addressed ADU heights and wanted it listed as a priority.

Director Lait stated they would not come back to Council with ADU height limits unless directed, but there would be opportunities before June to consider and adopt ordinances. In May, staff would bring back to Council an action item to discuss and give staff direction regarding adopting an ordinance.

Council Member Lythcott-Haims remarked on the four priorities being delayed due to staff being burdened with San Antonio, etc.

City Manager Shikada expressed there needed to be a conversation related to what would not get done in relation to the housing priority.

Council Member Burt stated the next meeting needed to reconcile continuing actions.

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Council Member Lauing was concerned that there were too many priorities. Item E seemed to be a separate item and could be rolled into planning from a permanent housing committee and suggested the motion indicate that preliminary timelines for multiple area plans would be constructed. He specified that guidance was needed on the bulleted items.

Discussion ensued regarding the motion language, area plans and grant funding, the plans being important in the coming years, San Antonio having a disproportionate portion of housing sites, housing and the downtown area plan, and that there could be zoning upgrades without area plans.

Council Member Tanaka thought there were too many items and that some should be removed from the priorities and go to committees. He requested there be a timeline for the Scooter Share Program. He would like to see concrete objectives for the flooding problem and the hydro rate increase revisited because of high utility bills.

Council Member Burt thought the best place to prioritize the Scooter Share Program was within the S/CAP.

City Manager Shikada declared staff would present the hydro rate issue to the Finance Committee next month, so there would be a near-term Council discussion.

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

Council Member Lythcott-Haims proposed to keep working and having dinner at the dais.

Mayor Kou did not think food was allowed at the dais.

Council Member Burt asked if the consultants for Buena Vista could defer for an hour.

City Manager Shikada thought it was fine to have dinner at the dais but Council could decide. Regarding the sequence of the meeting, staff could check in with the consultants to see if they could join the meeting in 90 minutes.

The City Council took a break from 6:33 P.M. to 6:40 P.M.

**STUDY SESSION**

2. Comprehensive Economic Development Strategy Update and Study Session  
**Action: Item continued**

3. Buena Vista Mobile Home Park Update from the Santa Clara County Housing Authority  
**Action: No action taken**

Assistant to the City Manager Melissa McDonough noted the item was brought forward because of enormous Council and public interest. Staff had been in conversations with the Housing Authority, and Council would be brought up to date on next steps.

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Santa Clara County Housing Authority Director Preston Prince hoped to come back to Council with happenings at the Housing Authority globally and how they could partner with Palo Alto to create more affordable housing in Palo Alto, but today was about Buena Vista. He listed the values of Housing Authority staff and their skills and experience. He indicated that Buena Vista had been a very difficult transaction, which required much time. They had a meeting in November 2022, which indicated more movement was needed to complete the redevelopment, and they made a pivot based on resident input. The Santa Clara Housing Authority was committed to engaging with residents, and they were excited to work with the City of Palo Alto to create opportunity, inclusion, and equity for the families at Buena Vista.

Santa Clara County Housing Authority Director of Real Estate Flaherty Ward presented slides and introduced the folks at the meeting from the Buena Vista Housing Authority team and architects from Van Meter. She outlined a brief history and current status of the Buena Vista Mobile Home Park. They were currently reengaging on the redevelopment plan, which they hoped to submit for entitlements. She presented ongoing activities, which included communication with residents, on-site services, property improvements, compliance in regard to new leases and income certifications, housing inspections, and constant redevelopment work. The park needed redevelopment due to aging infrastructure, habitability, modified coaches not allowing infrastructure updates, and the park having compliance and code issues. She supplied a slide showing the product they delivered as the first phase of the Housing Replacement Program. There had been concerns with the small square footage of the two-bedroom units, which was due to lot size, and they hoped to solve that problem through redevelopment. She shared a table summarizing sources and uses spent to date. She listed community engagement they had done and what they heard, which was the foundation for their planning, and engagement would continue. She discussed the requirements of the regulatory agreement entered into with the City of Palo Alto and the County of Santa Clara. They had found a plan accomplishing the goals of preserving home ownership for all current homeowners and improving amenities and utilities. She outlined their proposal of redeveloping the park, which would be two separate projects consisting of mobile homes and an apartment building. She indicated why the hybrid model was needed. They intended to engage with residents on a variety of topics in the coming months. She furnished housing options for the current residents on the site. Throughout February and March, their ARWS relocation consultant would meet with families to review options, and she urged residents to schedule meetings. They were hoping households would make their decisions by the end of March. The phasing and relocation plan was being drafted in regard to on-site and off-site relocation during the redevelop and would be finalized once residents indicated their decision. Housing search and out-of-pocket expenses would be covered by the Housing Authority. They wanted to limit the disruption of residents' daily lives as much as possible. She acknowledged there were a lot of concerns from residents, and they did not have answers to all their questions, but the process was inclusive of residents' needs and desires, and it was important that residents schedule individual housing meetings. It was an iterative process to determine what would be possible and allowable and residents' needs and desires. She shared a slide highlighting the overall timeline.

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Council Member Burt asked the height of the proposed apartments; if there was space for recreation; if they could reverse the orientation of the apartments; and if the options for owners purchasing a new coach would be at market rate cost.

Director Ward indicated the apartments were 3 stories and 60 units. They were trying to create a courtyard for outdoor space. The orientation of the apartments could be adjusted and finalized in the coming months, and they hoped to engage with residents regarding that. The coaches would be purchased at market cost, but they would layer financing on to make it affordable to the families. She explained the goal of households not having a mortgage payment.

Council Member Lythcott-Haims was also interested in reversing the orientation of the apartments and thought three separate buildings would be more in keeping with the look and feel of the park and questioned the cost of doing that. She asked for an explanation of the report stating "as ongoing compliance and property management were underway, residents adjust to the new management and policies." She requested Director Ward restate her comments related to Palo Alto Unified School District. She asked the market value of a standard size coach and who would do the appraisal. She inquired how many of the 16 pieces of feedback from residents they planned to honor and if residents could be provided answers to their principal questions. She would love to see Buena Vista get a dog park.

Director Ward indicated that what was shown earlier was a schematic density analysis, and the plan could be further refined to create the building articulation, landscaping, etc. They wanted to get feedback from residents and then feedback from the larger community and the Council. Property management referred to switching from a noncompliance situation to a regulatory agreement, leases, income certifications, etc. They were in touch with the Palo Unified School District and hoped to have a meeting with them in the coming weeks to discuss plans. They were sensitive to making sure as much as possible that children's daily lives would not be disrupted. Once housing options were worked through, they would be able to figure out what phasing and relocation would look like. She explained what could be done related to temporary relocations. They were also considering on-site relocation. The market value of a standard size coach ranged from \$5,000 to maybe \$75,000; however, she explained lease-hold interest. A third-party assessor would determine values, which would be shared with residents as part of the meetings with the BV advisor. Related to the 16 concerns from residents, they were planning to issue FAQs to the residents, and for issues with no answers, they would note that answers were being worked on. They hoped to engage with the residents regarding dog parks and planter beds.

Council Member Veenker queried if there was an option for owners to maintain their current coach and why the motel deconstruction would be done before project approval.

Director Ward stated that the majority of the coaches had been modified or were several decades old, which would not allow them to be moved to replace the infrastructure underneath. The motel was vacant and no longer safe, so they moved forward with requesting

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a deconstruction permit. They planned to use that space for temporary outdoor amenities until the park redevelopment started.

Council Member Lauing questioned if the square footage of the two-bedroom coaches was a constraint for acquiring new residents and if they considered the apartment building being over 30 feet to allow more units.

Director Ward noted they intended to get folks into a unit size appropriate to family configuration. The units they hoped to build in excess of 75 units would be family units with a combination of one, two, and three bedrooms. As for the three-story apartment building, they prioritized keeping the density at the level it was when the park was purchased, but the residents could request additional units at the site.

## PUBLIC COMMENTS

Winter Dellenbach (Speaking for Gerry Masteller, Doria Summa, Mary Sylvester, Andie Reed) agreed with returning the number of households to 120. She looked forward to hearing more about relocation plans. She believed there needed to much oversight. She shared slides. She questioned the square footage of units and if it would be the same for mobile homes and apartments. She was concerned with the orientation of the apartment building and asked that it be turned or redesigned. She hoped to soon hear about total parking spaces on the site. She worried about permanent relocation and replacement housing costs. She requested a mechanism for an appraisal appeal and a better idea of what the green spaces would consist of, and suggested Canopy be engaged ASAP. She expressed there should be a playground and adequate community room for all on the property site and not separate for mobile homes and apartments.

Shana Segal, a member of the Palo Alto Unified School District School Board, was speaking for herself. She asked the Housing Authority to relocate families at the Palo Alto Unified School District as close to their schools as possible, for specific details of the plan ASAP, and that transportation be provided to every student.

Jennifer DiBrenza, Board President of the Palo Alto Unified School District, agreed with Shana Segal's comments. She would like these students to be in the forefront of the plans and to stay in the school district.

Liz Gardner expressed that permanent long-term housing was needed badly. She believed it was critical that the floor plans integrated a dedicated space for eat-in dining areas. She inquired if there would be EV charging areas, covered bike lockups, if small pets would be allowed, how a park transferred to a parcel or a property, and how a housing choice voucher applied to a project-based voucher. She believed that floor plan and square feet did not equal quality of life in egress and that on-site laundry was critical.

Bob Moss opined that the area for play and open space was inadequate and suggested converting the strip mall to community facilities as there was no community facility or meeting

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space. He suggested considering converting shipping containers into housing and that vacant commercial buildings along El Camino be converted to housing. He believed everything should be done to preserve low-income housing and possibly expand it and that facilities for Buena Vista residents' children should be preserved so they could continue going to local schools and parks.

Jessica Martin speaking on behalf of Silicon Valley At Home supported the Housing Authority and the work they had done and would continue to do on this project. She wanted to hear a commitment to the residents and hoped the focus would remain on current and future residents.

Ana Garcia, a Buena Vista resident, asked if the occupancy standards would change as there were currently four to five people living in one-bedrooms. She expressed why a playground area between coaches was a bad idea. She wanted to know more about the building structure, which she suggested it be like the structure on Ramona Street.

Joe Simitian, Santa Clara County Supervisor and resident of Palo Alto, discussed the gratifying results of the City of Palo Alto and the Santa Clara County Housing Authority purchasing the Buena Vista Mobile Home Park. He was pleased to see the project move into the next phase. He spoke of details of core priorities that needed to be refined, which could increase the number of affordable housing units, upgrade the living environment, and preserve the sense of community unique to Buena Vista.

Jessica Guzman wanted the size of the units to be considered in relation to young adults having to continue to live in the family home after high school and/or consider units for young adults leaving home for the first time.

Vice Mayor Stone thought it was important to acknowledge the anxieties BV residents would experience related to transportation to school and acknowledged Jessica Guzman's comments. He asked how the tours would occur for those considering purchase of new mobile homes. He wondered if two- and three-bedroom units could be placed on County land for viewing. He inquired if there was an appeals process if a resident objected to an appraisal. He was concerned that the apartment building design created a barrier between the apartments and the mobile homes. However, if it were flipped 180 degrees, he was concerned about the location of the parking lot. Designs should be presented to the residents. He asked what was the likelihood of permanent displacement.

Director Ward planned on taking interested households to different apartment communities to view them and hoped to show examples of something the Housing Authority currently owned as well as other affordable housing communities close to Buena Vista. They planned to bring a spec coach on-site, but due to space, it would probably be a one bedroom. She spoke to spec units being placed on County land, and noted the Housing Authority would purchase the spec units. For two and three bedroom coaches, they would arrange bus tours to the manufacturer in Sacramento to view the units. They would try to have floorplans in the spec coach that could

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be reviewed. They planned on including samples of choices related to countertops, washer/dryer hookups, etc. There would be an appeals process for appraisals. They did not intend to locate anybody off site for more than 12 months. If there was displacement for more than 12 months, they had triggered permanent relocation, which she explained.

Mayor Kou inquired if there were compliances that owners and renters had to follow; if the five years was clear to the residents; the occupancy limits; if there was a preference for Palo Altans to qualify; the square footage of the studios, apartments, and one- and two-bedroom coaches; if parking had been developed; if existing trees within the park would be preserved; and if the property manager would live on-site. She hoped open space would be inviting for the apartments and those in the coaches, that noise would be taken into consideration, and that planning would be initiated with Canopy.

Director Ward stated there were basic compliance requirements for all on the site because of the nature of the funding sources. The five years was clear to the residents, but more education to residents was needed. The occupancy standards were not specific to Buena Vista but were standards the Housing Authority used throughout its voucher program. If some residents were to leave the park, occupancy standard requirements could be revisited to make units bigger. Research needed to be done related to Palo Altans having preference to qualify, which she would return to Council with an answer. There was a wide variety of square footage sizes, which she outlined and stated they would likely adjust slightly upwards. She addressed there being an issue with smaller two-bedroom coaches graduating to larger two-bedroom units. She believed the plan provided for two parking spaces per household, and part of residents meeting with the advisor would include an understanding of how many cars residents had. The question was how much space would be committed to parking, and they would finalize that plan. They were requesting a tree removal permit for two trees, which were ill, but hoped to preserve the rest of the trees at the park, and they would work on a landscaping plan. There would be an on-site rep from the property management company living on-site and a maintenance person and the property manager on-site during the day.

Council Member Burt questioned if the reconstruction of the apartments and the new mobile homes would be in one phase or staged and if the apartments being built first could provide the temporary location for most of the folks temporarily displaced in the mobile homes; the current number of occupied units; and if people chose to leave the park, would it allow a lower occupancy density per unit. He did not understand why having fewer folks stay in the park would allow lower occupancy density per unit. He asked if fewer than 120 families could reside in Buena Vista. He asked if Director Ward was aware of electric heat pump washer/dryer combos. He asked if transit passes for low income and State programs subsidizing E-bikes were being looked at and the cost of lease plus rent/payment on units in Buena Vista compared to what residents had been paying.

Director Ward indicated the intent was to stage the reconstruction of the apartments and the new mobile homes. The apartments being built first could provide the temporary location for most of the folks temporarily displaced in the mobile homes, but it would result in taking a

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longer time for delivery of the new units, which would delay occupants from living permanently in the apartment building and delay homeowners in moving back into their coaches. They would ask the residents their preferences. There were 75 units occupied. She explained how some homeowners leaving the park or moving into an apartment would allow for rightsizing of mobile homes, and that they would then look to make up that density in the apartment building. The Housing Authority Goal for Buena Vista was 120 families, but the regulatory agreement required a minimum of 100. She was aware of electric heat pump washer/dryer combos. They would provide transit passes, and they intended to have bike parking. There would be space rent for those in the mobile home park and apartment rent for those in the apartments, not a lease. There would be an adjustment to the affordable rent as defined in the regulatory agreement. Some would not see an increase, some a decrease, and some an increase, all based on income.

Council Member Lythcott-Haims wanted to make sure all were aware of Palo Alto piloting a new shuttle. She requested confirmation that the metrics presented showed that some would want to leave the mobile home park. Increasing height could increase density. She presented another option of a co-living situation with shared cooking, laundry, etc. With the next update, she suggested that someone from Buena Vista, who was partnering with the Housing Authority, be present.

Director Ward commented that the base plan did not show anybody leaving and assumed all would remain in the park. If some left the park or opted to become a renter, it could allow rightsizing of dwellings.

Council Member Tanaka did not agree with the apartment building orientation as presented. He stated that duplexes, townhouses, etc., would provide more open space than having separate units. He asked the income levels required to be in the mobile home park and for an explanation of how owners with higher incomes would be affected; if there was a cost to the City for this; and Council's purview over the project, if there would be entitlements, etc.

Director Ward indicated the regulatory agreement required everybody on site be 80% AMI and below. In the event of an owner or renter being above that, their rent would typically adjust accordingly.

Assistant to the City Manager McDonough noted there was a cost to the City for bailout in 2017, but there was not a cost now. The City was a party to the regulatory agreement and had oversight in partnership with the County in the progression of the Housing Authority. The City would go through the process of ensuring building specifications would be met. There were small details that would be the purview of the State, which she could follow up with more information.

Mayor Kou asked to be advised of the dates of Buena Vista community meetings so Council members could attend.

## PUBLIC COMMENT

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Aram James spoke of a meeting he had with respect to supporting a bill banning weaponized police K9s, and he would send Council a copy of some comments made at the press conference.

The City Council took a seven-minute break.

## CITY MANAGER COMMENTS (8:35 - 8:50 PM)

City Manager Ed Shikada spoke of participating in Cal City's City Managers Conference in Carlsbad last week. He provided an update of continuing issues and concerns regarding high gas utility bills. In March, the Finance Committee would discuss the general fund transfer and the hydroelectric surcharge. On Wednesday, March 1 there would be a community workshop related to the University Avenue Streetscape Project. On February 28 and March 6 through 25, there would be emergency preparedness training, which more information was available at [cityofpaloalto.org/beprepared](http://cityofpaloalto.org/beprepared). He acknowledged Valentine's Day, and staff had put together a Palo Alto Connect article indicating ways to share affection and caring across the community. There would not be a City Council meeting on February 20. The next meeting would be February 27, which he outlined items scheduled for that meeting and the March 6 meeting. They would look at the upcoming agendas, recognizing pulling some items. He noted that the Housing Element and the Sobrato Ad Hoc committees had concluded their work.

## ACTION ITEMS

- AA2. Review and Accept the FY 2023 - FY 2032 Long Range Financial Forecast (LRFF) and FY 2023 Budget Development Guidelines (Item continued from February 6, 2023 Meeting)

City Manager Ed Shikada indicated the presentation for Items AA2 and 8 would be conducted simultaneously.

Mayor Kou noted that Item 8 was to discuss the FY2023 midyear budget review.

Budget Manager Paul Harper stated that the FY2024 through 2023 LRFF and the 2023 midyear budget review were separate items and discussed different fiscal years, but they were connected through the recommendations and fiscal policies in each report that impacted the current fiscal year and planning for the upcoming budget process. He provided and reviewed slides comparing the annual surplus and gap of revenues versus expenses in the general fund between the LRFF and the midyear report and the status of the budget stabilization reserve (BSR) through FY2023; FY2023 BSR status; budget balancing risks and benefits; and takeaways to keep in mind when planning for the FY2024 budget process.

Budget Manager Jessie Deschamps furnished and discussed slides related to FY2023 midyear reinvestments and technical adjustments. She outlined next steps in the budget process. Following the long range and midyear discussion, staff would begin to develop and produce the FY2024 proposed budgets. In March and April, Utilities would return to the Finance Committee and UAC to review financial plans and rate recommendations. In late April or May, staff would release the proposed budgets followed by meetings with the Finance Committee throughout

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May to review the documents. In June, staff would return to City Council with a third-quarter financial report and final review for adoption of the FY2024 budgets. Staff recommended City Council accept the LRFF and budget development guidelines and approve amendments in the FY2023 midyear budget and table of organization, which was consistent with actions outlined in the report in the attachments.

## PUBLIC COMMENTS

There were no public comments.

Mayor Kou asked if there had been changes in the LRFF since the Finance Committee meeting.

Administrative Services Director Kiely Nose stated staff updated the LRFF for the labor contracts approved subsequent to December. Staff then updated it a second time to reflect the midyear actions.

Council Member Lauing questioned which packet Council was supposed to reference tonight and if the Finance Committee unanimously approved the numbers presented tonight.

Budget Manager Harper indicated it was in relation to the LRFF memo, and the new packet should be in the system.

Director Nose declared the Finance Committee did not review the long range revisions for the labor updates; however, they were all Council-approved adjustments.

Council Member Burt queried if there was a base scenario plus two others provided to the Finance Committee.

Director Nose expressed that was correct.

Council Member Lauing inquired if the FTEs were Council approved and if the -\$3.3M in 2024 included the new taxes.

Director Nose indicated the Council-approved action for the revised LRFF included Council-approved labor contracts with the bargaining groups, so the revised forecast updated for all those contracts. Midyear was a modeling of what the forecast would look like if Council approved Item 8 in full as currently proposed. She displayed and explained Slide 2. Measure L was in 2024.

Budget Manager Harper stated 2024 included Measure K, but it had not started yet.

Council Member Lythcott-Haims requested an explanation of “assumptions not included.”

Budget Manager Harper remarked that the assumptions not included were typically projects that would need funding at some point, but they had not been scoped out nor had timelines been adopted, so funding was not locked in.

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Vice Mayor Stone requested an explanation of the assumption that the TOT tax would not reach pre-pandemic levels until FY2026. He asked if there was tracking of cities similar to Palo Alto; if staff could track ongoing funding of essential services related to the business tax to hold the City accountable to promises Council made, etc.; and why Measure K was not included in the LRFF and if it had been modeled with a prolonged or worsened recession.

Assistant City Manager Nose noted that there was a measured growth in the TOT tax reflective of the recovery that had been occurring as well as the average room rate and occupancy rate. The make-up of TOT would probably change from pre-pandemic, but they did not have that data yet, so they were monitoring it. A significant portion was coming from business travel, not leisure travel, but they would monitor the impacts. As for tracking of cities, they did not have travel or hotel detail. Room capacity increased during the pandemic, which had been factored in. As for staff tracking ongoing funding of essential services related to the business tax, the long range had only Measure L, not K. She explained why that revenue stream was left in the LRFF. Moving forward, there would be clear reporting of Measure K, which was part of the measure. Measure K was included in the LRFF as an alternative scenario. She outlined the differences in Measures L and K and stated they did not want to present the forecast in an imbalanced way. She indicated why a recession was not modeled in Measure K.

Council Member Lythcott-Haims thought the cost of reducing/eliminating the use of natural gas should be anticipated in the 2023 forecast and questioned what would be associated with the transition.

City Manager Shikada noted that a priority for the year was for resources to plan for the gas transition, but they did not yet have those figures.

Council Member Lauing queried why this was being done now as opposed to waiting until the end of March and how much projection, forecast, and trend data might change over the next six weeks. He addressed FTEs not being one-time funding. He asked if the Finance Committee should review the added expenses.

Assistant City Manager Nose specified that AA2 was the starting point for staff's planning for the annual budget process, and it was important staff get direction so they would have a proposed budget by the end of April/beginning of May. She explained why the long range document was important and why the midyear budget needed to be done before March. She did not think there would be large changes over the next six weeks that would impact the Council's policy decisions for the midyear 2023 budget. Any changes between now and March would likely be something staff would plan as part of the FY2024 budget.

Council Member Burt stated he had asked if the Finance Committee could meet before this meeting to look at the midyear budget amendments and staff believed it was best to come directly to the Council. He referenced Slide 10 and queried if there was a projected surplus of \$1.3M before making the adjustments. He indicated there were discretionary decisions totaling \$9M and \$14M into a new Budget Uncertainty Reserve, which were different from revenue and

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expense changes, and questioned what the surplus was used for. He asked why the Measure K revenue was not forecasted, as the Council had made commitments of one-third each for transportation, affordable housing funding, and maintaining the restoration of public safety staffing. He did not understand why there was an alternative with a recession adjustment but not an alternative adding in Measure K dollars. He thought the LRFF should include Measure K with uses of the funds committed to by the Council and what would now be a prudent adjustment for a recession. He had difficulty adopting one of the three scenarios when he did not agree with any of them. He would support moving forward with the base case but adjusting for the alternative modeling Measure K and the recession. He asked for the projected TOT this year compared to the pre-pandemic total. The Economic Development Report indicated the projected TOT this year would equal the previous peak, and it needed to be reconciled. Electrification costs would for the most part be through the utility fund, not general fund dollars. He asked where the City was year to date with regard to the document transfer tax and for a projection and for the long-term projections for sales tax. He explained why TOT should be researched related to extended stay.

Budget Manager Harper confirmed that Council Member Burt's math was correct but referenced and outlined Slide 3. He noted that \$5M of the uncertainty reserve was part of the surplus Council approved on previous review.

Assistant City Manager Nose commented that the Measure K alternative scenario had been provided and that adding it was a policy call. When this was originally created, Measure K had not passed. Council could direct staff to move forward with the base case with Measure K and recession adjustments.

Budget Manager Deschamps commented the \$6M adjustment to major tax revenues included \$4M for TOT, which was \$22.2M.

Manager of Debt and Financing Tarun Narayan stated \$2.6M in document transfer tax had been received as of the middle of January. The projection for 2023 was around \$6.4M. The peak was in 2022 at almost \$12M. He explained why they were conservative related to the TOT projections. He would have to look at the sales tax projections, but he thought there were timing issues related to it. They could use 2018 as a base, which would indicate recovery. Comparing TOT to pre-pandemic was not a good comparison due to the number of rooms being substantially higher than pre-pandemic.

Council Member Tanaka asked if there was a chart of vacancies over time and why Council did not know about the expected surplus earlier and why it was a surprise, and he agreed with what was written by the press. It seemed reasonable to stop the gas transfer since there was more revenue than expected. He did not agree with Packet Pages 52 and 53 regarding utility rates. He queried if a Division Manager of Parks was a new position and the necessity of the position. He would push back on management positions versus people in the field. He wanted to see library hours expanded. He questioned if the current budget included the \$14.6M in raises given last week; if staff was budgeting in City contracts being 20% to 30% higher than

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inflation; and if the salary and benefits on Table 6 should be higher. Measure K revenue and items not included in the forecast should be included in the budget. He requested a spreadsheet showing Homekey, S/CAP, and Measure K lines, so each could do their own analysis. It was not clear to him what was and was not in the budget. He suggested the City use zero-based budgeting.

City Manager Ed Shikada remarked a chart of vacancies over time was not a referral for this item and was typically a part of the annual budget. As the discussion consisted of midyear versus the annual budget, Council had the discretion of deferring major budget actions to the annual budget as opposed to the midyear. Regarding the expected surplus being characterized as a surprise, tonight's conversation was a great example how staff was trying to be responsive at a quicker pace to address the urgency of continuing to move on the Council's priorities. There may be problems created by trying to move processes at a pace faster than they had been designed to do. He addressed the normal annual and midyear cycles, and perhaps staff had been too responsive in setting expectations that the information would be available sooner than the traditional calendar. Council action was needed for the midyear adjustment to include the \$14.6M in raises.

Assistant City Manager Nose noted the expected surplus was not a surprise. Council had brought forward and an expected surplus had been discussed as part of the budget balancing strategy last year, which was why the use of the BSR was used as part of the balancing strategy. It was higher than staff expected, but they had been tracking to have higher revenues and lower expenses than budgeted. They did their best in May to account for the estimates at the time of Council's budget process. The Division Manager of Parks would be a working manager and would work on the priority projects identified by Council. She discussed how City contracts were budgeted in. She explained the salary and benefit assumptions in the LRFF reflecting Council's authority for negotiations as well as contract approvals. The \$7M that Council pledged for Homekey was included in the forecast, but any changes to that number and unknown expenses were not included. Regarding a spreadsheet showing Homekey, S/CAP, and Measure K lines, staff could not provide that estimate due to the projects not being far enough along, etc.

Budget Manager Harper indicated a Division Manager of Parks was a new position. The revised LRFF and midyear budget included the \$14.6M in raises.

Council Member Lauing believed the Division Manager referenced in the packet may have been a replacement. He did not know how much of the financial aid to Team Sheep should be part of this budget. He opined that funding for JMV made good sense. He addressed Library Services listing \$30K in the text for DEI, but the ongoing fees did not list it. He wondered if the Finance Committee should bring the expense side of this back to Council in three or four weeks. He thought Council could address now the direction for the baseline and the budgeting.

Mayor Kou asked staff if they had a timeline in terms of developing the annual budget for the next fiscal year and if they would be looking for the approval of new hires soon.

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Assistant City Manager Nose stated if it were to go back to the Finance Committee, they would send it as early as March 7 and then return to the Full Council the end of March/beginning of April. Staff had to have the 2024 budgets balanced by the end of March. In February and March, staff would work to prepare and release the FY2024 budget, and there would be Finance Committee discussions in May. If there were Finance Committee discussions in May, the Council would not see midyear until April, and she would be unable to reconcile if there were any conflicts between the two documents. The alternative was the midyear adjustments could be rolled into the proposed, and there could be a broader discussion as to how Council would move forward for FY2024. This was brought forward in such a large capacity based on Council's desire to move at a pace faster than normal.

City Manager Shikada commented they were trying to start priority hires in advance of the annual budget.

Council Member Veenker stated it would be nice to provide more services and make some reinvestments. She felt that Slide 10 was more than technical adjustments. She wondered if the Budget Uncertainty Reserve should go back to the Finance Committee. She would be more comfortable with an increase from \$5M to \$10M versus \$14M. She inquired if others were comfortable moving forward with some of the reinvestments.

Assistant City Manager Nose commented that the Budget Uncertainty Reserve was a Council choice, and she outlined why the majority of the Finance Committee chose to establish it.

Council Member Burt commented on nomenclature and expressed that reinvestment meant restoring services and one-time revenues were not used for one-time expenses but bridged ongoing expenses. He was comfortable accepting the midyear budget recommended by staff if Measure K revenue and recessionary impact were factored in. He mentioned that conservative revenues and expenses were projected.

**MOTION:** Council Member Burt moved, seconded by Council Member Lauing to adopt the Long Range Fiscal Forecast FY 2024-2033 base case, with the addition of Measure K revenue to be allocated based on the previous Council commitments for use of those funds; 1/3 toward affordable housing, 1/3 toward transportation focused on local share of grade separations and 1/3 toward retaining public safety staffing.

Council Member Tanaka was unclear if the items on Page 12 were included in the LRFF. He asked the maker and seconder to include a placeholder for an estimate of the assumptions not included in the forecast. He agreed that Measure K should be included. He asked about the expense increase for contractors and thought 5% was too low.

Assistant City Manager Nose answered that the items on Page 12 and subsequent pages were not included in the forecast. The \$7M for Project Homekey was included in the forecast but capital cost increases and additional operating costs needs were not included. Regarding the expense increase for contractors, they adjusted for contracts already approved and beyond

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that a blanket 5%. Some but not all contracts would come up for approval in the next year or two.

Council Member Burt declined the request to include a placeholder for an estimate of the assumptions not included in the forecast.

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

8. Discuss the FY 2023 Mid-Year Budget Review and Approve 1) FY 2023 Budget Amendments in Various Funds, and 2) Amendments to the FY 2023 Table of Organization to add 5.25 full-time and 2.43 part-time Full Time Equivalent (FTE) Positions

Mayor Kou asked what the Bay Area Water Supply and Conservation Agency membership fee increased to and for the connection between adding a JMZ educator and revenues increasing by a new ceramics class.

Budget Manager Paul Harper commented that the Bay Area Water Supply and Conservation Agency membership fee increased from \$321K to \$416K, but acknowledged why it would not increase that much on an annual basis.

Assistant City Manager Kiely Nose clarified that adding a JMZ educator and revenues increasing by a new ceramics class was the body of work being done and was not specific to JMZ services.

Vice Mayor Stone queried how one FTE Court Liaison would help support the criminal justice reform goals for 2023, and if there would be funding from the County to offset costs and how the City had fared without that position. He was interested in hearing information related to restoration of library hours and other service needs. He inquired why the ambulance insurance program had not been embraced by the community and if staff had ideas for increasing public outreach.

Police Chief Andrew Binder explained that criminal justice reform was one part of the FTE Court Liaison, and he discussed why it was asked for. It would be administrative work absorbed by all law enforcement agencies within the county. He discussed the role of the Court Liaison, which would support officers delivering public safety service.

Assistant City Manager Nose replied that the public response and adoption of the ambulance insurance program was significantly less than expected. They could spend more on marketing, but, at this time, they did not expect to see the numbers they had seen in other communities. She spoke of revenue estimates being a small concern.

Fire Chief Geo Blackshire spoke of the ambulance subscription service and the marketing, and they had not gotten the response other cities had gotten. He thought there was still an opportunity for the service and that there may need to be different marketing. They would have a meeting this week to determine how to present the message.

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Mayor Kou suggested, in regard to the ambulance subscription service, that people receive information as to what the fee would fund.

Fire Chief Blackshire expressed that fee funding was included in the information.

Council Member Lythcott-Haims requested staff, at some point, provide Council with information on how to narrate to residents the City's surplus in the face of the gas bills.

City Manager Ed Shikada noted the communication provided attempted to provide basic information Council members could use regarding the City's surplus, including an article by Director of Utilities Dean Batchelor. In doing near-term rebates to defray residents' gas expenses, staff had run scenarios related to the midyear, and that information would be shared with Council. He remarked it was preliminary but a 10% gas rebate to residents for December and January would equate to approximately \$1.3M, and a 20% rebate for January would be \$1.7M.

**MOTION:** Council Member Burt moved, seconded by Mayor Kou to approve the FY 2023 Mid-Year Budget Review as recommended by staff by amending the Fiscal Year 2023 Budget appropriation for:

1. Amendments to the Fiscal Year 2023 Budget Appropriation for various funds and various capital projects, as identified in Attachment A and Attachment A, Exhibit 1 and 2 (requires a supermajority, 2/3 approval); and
2. Amend the FY 2023 Table of Organization in Attachment B consistent with the budget amendments in Attachment A, adding 5.25 full time and 2.43 part time FTE positions.
3. Return with a specific recommendation regarding a residential rebate of up to 20% of the highest month whichever is higher the January or February gas bill and a similar proposed electric rebate following the Finance Committee discussion

Council Member Lauing thought most of it was fine, but going to the Finance Committee would have been ideal. He proposed the motion indicate approval of all the Community Service Department's recommendations except Sheeper.

Community Services Director Kristen O'Kane noted that replastering the pool required closure for 45 days. The agreement with Sheeper was a revenue contract, and they would not be paid a management fee. Salaried employees would be supported during the time of pool closure.

Mayor Kou asked if there would be a second payment to UNAF and questioned the timing of the payment.

Director O'Kane would have to research, but she believed the payment to UNAF was a one-time payment in addition to the funds provided to them for promotions, banners, and rental space.

Council Member Burt thought there was a one-time outside the budget and that staff would incorporate it in the budget on an ongoing basis. It needed to be revisited.

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Director O’Kane expressed the ongoing aspect was part of the FY2024 budget. That would be an item for the coming budget process.

Council Member Lythcott-Haims requested a friendly amendment regarding residential gas and electric rebates.

Council Member Burt accepted the amendment related to gas rebates. There would be a review of hydroelectric at the next Finance Committee meeting, which would come to the Council with a recommendation in March or April.

Council Member Veenker asked if the cost of midyear reinvestments to get back to pre-pandemic levels for the library could be estimated; if she should advocate for more resources for the library regarding hiring for services; and if they had the resources, could they get more personnel for services this year.

Library Director Gayathri Kanth thought it would be close to \$800K in reinvestment to get back to pre-pandemic levels for the library. She noted libraries had opened in the last two years, but services had not increased. They would come back to Council concerning bringing programming back. She always agreed with advocating for more resources. Regarding resources and personnel for services this year, Council would see the budget proposal in two or three months, which from a timing perspective would work out well.

Council Member Tanaka requested an explanation of BSR versus the Budget Uncertainty Reserve.

Mayor Kou remarked the Budget Uncertainty Reserve maintained the BSR at a level that was not too high and allocated funds to make sure there were funds for the next couple years, and it was designated to fund matters at that time.

Council Member Burt explained the BSR was a long-term reserve fund and the budget uncertainty was specifically over a two-year period that was a defined gap.

Mayor Kou questioned if excess BSR would be allocated to the 115 or CIP.

Budget Manager Paul Harper acknowledged it was policy of the Council that excess BSR be split between the 115 and CIP. The Finance Committee decided to not allocate the BSR strictly to the 115 and CIP but to reserve some for the uncertainty reserve due to economic uncertainty.

Council Member Tanaka did not agree with the Budget Uncertainty Reserve. He asked staff to comment on the timing of approval of permitting building inspections for businesses trying to reopen, and if hiring another person would help speed up the process. He asked if the maker

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would be open to the motion referencing more library hours versus the Division Manager FTE. He asked if the motion could be split.

Planning and Transportation Director Jonathan Lait indicated they were within 48 hours of responding to building inspections. They were anticipating recruiting a couple positions, which he thought one was part of this request item. They were trying to fill vacancies, and he could take Council Member Tanaka's ideas for the next budget cycle, but he did not have additional requests tonight.

Council Member Burt noted the building inspection positions had been authorized but there had not been hirings. He declined the request in reference to library hours and the Division Manager FTE.

Assistant City Attorney Caio Arellano discussed why he believed the motion could not be split.

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

9. ~~Discussion and Possible Revision to 2023 Standing Committee Topics~~  
**Action: Removed From Consideration**

## COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

Mayor Kou thanked and congratulated Council Member Veenker and Karen Fernandez in Bloomington, Indiana, for kicking off the Sibling Cities Civil Discourse Series.

Council Member Veenker thanked Mayor Kou for appearing at the Sibling Cities Civil Discourse Series kickoff and giving a thoughtful speech.

Council Member Lythcott-Haims announced that Molly Tuttle & The Golden Highway won an award for the Best Bluegrass Album at the Grammys last Sunday night for the album *Crooked Tree*. Molly Tuttle was a graduate of Palo Alto High School. She commended the Chamber of Commerce for doing their Valentine's event at Town & Country last Thursday. She opined there should be more events like it to promote frequenting local businesses.

## ADJOURNMENT

The meeting was adjourned at 11:54 P.M.