



SPECIAL CITY COUNCIL COMMUNITY DEVELOPMENT AGENCY

Minutes

Wednesday, April 19, 2006

5:30 p.m.

701 Laurel Street, Menlo Park, CA 94025
Menlo Park City Council Chambers

5:30 p.m. SPECIAL MEETING (Menlo Park City Council Chambers)

ROLL CALL – Jellins, Fergusson, Cohen, Duboc, Winkler

STAFF PRESENT – David Boesch, City Manager, Bill McClure, City Attorney, Audrey Seymour, Assistant City Manager and Silvia Vonderlinden, City Clerk. Other City Staff were present.

PLEDGE OF ALLEGIANCE

A. PUBLIC COMMENT #1 (*Limited to 30 minutes*)

Elias Blawie commented on what he believes to be unacceptable Council conduct during the meeting. He quoted the Brown Act and he said he saw notes being passed around and such notes are part of the public record. He pointed out other issues that he believes are a matter of decorum. Mr. Blawie did not agree with item D2 being a Consent Calendar item.

B. REGULAR BUSINESS

1. Direction regarding strategies to be included in the City Manager's Proposed 2006-07 Budget; authorization to engage consultant assistance to explore placement of a Tax Measure on the Ballot; and dissolution of the Budget Advisory Committee under its current charge.
(continued from April 5, 2006) (*Staff Report #06-065*) (*Memorandum distributed at the Special City Council Meeting*)

Mayor Jellins polled Council about hearing public comment. Mayor Pro Tem Fergusson said that her preference would be to hear public comment first.

Public Comment

Richard Del Ben, a representative from SEIU 715 (Redwood City Chapter), explained that in Redwood City reserve funds were used to maintain services levels.

Sascha Eisner, with time donated by Keith McLeod and representing SEIU 715, supports a temporary use of reserves until other projects come through. He addressed Proposition 82 and said that should it pass it will bring funds to Menlo Park. Mr. Eisner opined that the greater Menlo Park community does not want to cut staff. He referred to a mailer that was sent to residents and read some of the comments returned. He asked Council not to act on the child care privatization issue because it was not part of the Your City/Your Decision process. Mr. Eisner pointed out that 30 full time positions have been cut in the last three to four years.

Cedy Fisher said she supported Measure A and she believes that privatizing other services besides the pool is raising red flags in her mind. She opposes privatizing the new facility.

Jeff Staudinger believes that infrastructure maintenance needs to be eliminated from the General Fund and funded through an assessment. He opposes more taxes. He does not support the Menlo Children's Center privatization efforts because in his opinion some costs will remain. While he supported the pool privatization, he does not support the same model for the child care. Mr. Staudinger shared figures relating to fees and how these are assessed. He believes the City should be looking at administrative overhead.

Joe Zirker opined that it is disrespectful to children to suddenly change their environment. He asked Council to consider the matter carefully.

Phil Plymale, representing the local SEIU 715 and an employee of City of Palo Alto, said that the City of Palo Alto managed to navigate through the budget situation without cutting city services. He spoke about a 5% utility users tax that Palo Alto implemented to help maintain the quality of life of that community.

Hank Lawrence spoke about Government Own Contractor Operation and he believes this is a system that has value. He said that in certain instances an RFP (Request For Proposal) is not needed and a direct procurement is the way to go.

Richard Ames, with the City of Mountain View and SEIU Local Chapter 715, said that many neighboring cities have a utility users tax. He mentioned that Mountain View has a 3% utility users tax and the Menlo Park should consider a similar approach. Mr. Ames questioned the value of contracting out and he believes public services should stay public.

Shelley Kessler, with the San Mateo County Central Labor Council, and with time donated by Linda Gregory, asked Council to work together and avoid cutting employees. She said that Proposition 82 may cause an influx of money, and because there were some funds saved from the pool negotiations, all currently filled employee positions should be saved. She supports the use of reserves and a mid-year review.

Eva Zirker opposes child care privatization. She believes that there is a moral right to have child care and not to privatize it.

Sophie Lo, business owner in Menlo Park for the past 12 years, shared her personal experience with high turnover of employees in private child care business. She moved to Menlo Park because it provides the services that residents are looking for. Her hope is that the Menlo Park Children's Center will be a better experience.

Elias Blawie supports comments about reducing middle management and overhead. He believes the Council should look at the PERS contributions when the bargaining units are on the table because these are too high. He does not think that spending \$2 million in road maintenance is appropriate. He does not believe that a tax increase is a viable option and he opposes privatization because it can be extrapolated to other services such as police, management, schools etc.

Elizabeth Lasensky shared that she was part of the workshops and she was not told about the infrastructure figure. She would like the public to get all the information available so that decisions can be made with all data available.

Terry Kent, Menlo Park Chamber of Commerce Director, complimented Council for looking closely at the budget items and possible cuts. He is uncertain if the impacts of a utility users tax have been adequately investigated. He gave examples of how much it would impact certain business owners. Mr. Kent supports receiving more input from business owners to continue the trend of welcoming business owners and making this a business friendly community.

Marzieh Gachipour, works as a teacher at the Menlo Children's Center, read a petition that was signed by 21 staff members and parents of the Burgess After School Program. The petition opposes the privatization of the Menlo Park child care services.

Lynne Fovinci welcomed the examination of all city services but she believes that it is important to show respect for the children, parents and staff by including them in the process. Ms. Fovinci spoke highly of current staff and she hopes Council will carefully consider all options.

David Boesch, City Manager, made opening remarks about the accomplishments so far and what lies ahead on the budget process. He elaborated on the Your City/Your Decision community engagement process and the project priorities that Council adopted. Mr. Boesch provided details on the budget shortfall and the infrastructure maintenance estimates, identifying the primary areas that staff is seeking Council direction. Mr. Boesch clarified the basis for the \$2.9 million shortfall and the \$2 million infrastructure challenge and how this is an attempt to create a sustainable budget. Mr. Boesch added that the Budget Advisory Committee received information that explicitly included funding for the maintenance of current infrastructure. Mr. Boesch asked Council to provide direction

on the desirable level of infrastructure funding, reiterating that staff's belief is that this needs to be addressed and continual postponement is not a fiscally prudent approach.

Council ensued in discussion about staff's assumptions and estimates as they relate to the budget recommendations. Some Council members asked about the suggested infrastructure funding and Mr. Boesch explained that the suggested figure is merely to maintain current infrastructure levels. The City Manager was asked to elaborate on Menlo Park's reserves. Mr. Boesch explained that the City has one large undesignated fund. Mr. Boesch mentioned some of the benefits of having a solid reserve. The City Manager explained that staff is proposing a phased approach with a mid-year reevaluation of the budgetary situation.

Council Discussion

Council discussed the issue of a possible tax as a revenue measure. Revenue enhancement strategies were discussed and Assistant City Manager Seymour clarified that staff was looking for direction on the following topics: 1) revenue measure 2) child care outsourcing 3) infrastructure maintenance and 4) whether or not to take a phased approach around specific strategies.

Council supported a possible retail/hotel development opportunity. Council expressed consensus in exploring the consideration of a revenue enhancing measure via scientific polling and other outreach means to provide Council with an idea of how much could be raised.

Certain Council Members requested that the possibility of outsourcing child care be on the table for future discussion. Council Members Duboc and Winkler shared their views on subsidizing child care. Council Member Cohen said he has been in favor of taxes and he has been outspoken about it, however his problem with child care is that the current program subsidizes a relatively small percentage of the city's population. He reluctantly agrees with looking at outsourcing of child care but he supports a phased approach.

Council direction was to explore the possibility of a tax revenue measure, and explore the potential for outsourcing child care.

Mayor Pro Fergusson did not support the second issue because she supports the fee increases for the child care programs. She has challenges with an RFP because there is a lot of uncertainty on the overhead costs. Mayor Pro Tem Fergusson added that the figure of \$444,000 for child care in direct costs is not true contrary to statements made by another Council Member. She would like to have the cost allocation study done first and then a real comparison of numbers. Council discussed its various perspectives on the issues. Mayor Pro Tem Fergusson is open to looking at the child care issue at the mid-year point. Council Member Cohen would prefer to do some fact gathering first and then look at the child care issue. Council Member Winkler disagrees with the need to get more data and she feels that some community members find it unfair to subsidize child care and hence will not support a tax increase.

Ms. Seymour provided the following summary about what staff understood to be Council direction:

- **Direction was to pursue the revenue measure through a consultant that would do polling through a scientific instrument to find out the level of support in the community for a tax measure on the ballot.**
- **Explore a private child care option and invite the City of Menlo Park to present its own bid on the child care issue.**
- **Consider a need based subsidy.**

City Manager Boesch said the last question on the table was the \$2 million for infrastructure. Council discussed the Stanford Hotel and when the TOT (transient occupancy tax) would flow in. Mr. Boesch said that this would probably be in 2009-2010. The City Manager also pointed out that said project is unapproved at this time and he feels uneasy relying on something that has not been before Council.

Council consensus was that \$2 million was the bottom line amount to be included for infrastructure every year and that this figure may vary in the future.

Mayor Pro Tem Fergusson agreed with Council Members Winkler and Duboc on the infrastructure maintenance because it is a fundamental priority for the City. Council Members Duboc and Winkler

referred to Study Sessions held in the past about the need for infrastructure funding. Council Member Cohen would like to have a transition to this allocation but he respects that certain Council Members have a lot more institutional knowledge on this issue. Mr. Boesch said that the \$2 million seems to be a sustainable number but in time this number may need to be increased.

Mayor Jellins explained his preferences regarding street pavements and his choice is to have streets repaired at a higher standard. He favors the \$2 million for now but he asked that staff come back with a list of standards of infrastructure maintenance for various items such as streets, fields, etc.

Council agreed to have this come back in the spring and possibly make this a project for the next years' priority setting session. Kent Steffens, Public Works Director, said that these funds are to keep up the current infrastructure level and the amount of \$2 million is the best estimate at this point. He said that Council could reevaluate the amount in future years.

Council consensus was to fund the \$2 million for infrastructure maintenance investment from the General Fund Reserve unless other funding strategies are found.

Council took a break at 8:50 p.m. and restarted the meeting at 9:00 p.m.

Audrey Seymour, Assistant City Manager, summarized Council's direction on this issue:

There was consensus that \$2 million is the correct base amount on an ongoing basis and that this is to start in the current budget and eventually this will become a regular part of the operating budget to be included on an annual basis. In the short term there is some openness to a bridging strategy that does not necessarily take the full \$2 million out of the General Fund Reserve.

One Council Member asked if as residents are polled they could be asked if there would be more support for a tax measure if the infrastructure item was included. Ms. Seymour said that this could be included in the polling.

Council then addressed the various specific strategies brought forth by staff. Assistant City Manager Seymour explained each of the items before Council which included: fee increases, service strategies, efficiencies and overhead reductions.

Direction and Discussion Under Fee Increases (Current and mid-year)

Council excluded the following items from consideration and provided the following direction:

- **Move the increase of fees for youth sports, for consideration at mid year**
- **Move charging senior center transportation fee to non-residents to mid year**
- **Move increasing Belle Haven after school care fees to non-residents to mid year**
- **Change the charge of \$60 fee for community summer school to \$30 for residents and \$90 for non-residents and this to be considered at mid-year with a need based qualification**
- **Accept the items to be reviewed at mid year but add the following items to be implemented now: increase planning review fees, increase MCC fees by 15% with the possibility of an additional increase at mid year, and**
- **Increase of Burgess School Age fees by 7.5% at mid year**

Michael Taylor, Acting Community Director, noted that the fliers and the registration forms announcing the fee increase for community summer school had gone out but staff could easily return any checks received.

Direction and Discussion Under Service Strategies (Current and mid-year)

Council discussed the reduction on transit consultant services because of its small amount (5K). Council also asked about the reduction of City publications and Ms. Seymour said that this would be cutting the current (twice a year) newsletter to an annual report. Council Member Duboc proposed seeking opportunities to publish online.

Council consensus was to remove from the list for consideration the following two items and not consider them for cuts either now or at mid-year:

- adults sports program
- eliminating in-house recreation classes

Mayor Pro Tem Fergusson would like an incremental approach on the adults sports program elimination and suggested a hybrid approach. She disagrees with cutting grants because these organizations provide many services to the community, and the public did not suggest these cuts.

Council consensus was to:

- **Consider the reduction on the transit consultant services at mid year**
- **To have staff look at reducing city publications to increase the amount cut and use electronic formats**

Council discussed the adult sports program and consensus was to leave it on the list for consideration at mid year and have a transition plan for doing it better or contracting it out.

Assistant City Manager Seymour was asked to provide a summary of the direction:

Council direction was to leave adult sports program as is with careful consideration of what the options might be, both regarding fees and alternative providers, and a careful transition plan could be reviewed at mid-year. Remove the in-house recreation classes from the list. Keep teen services on the list and move the transit consultant to mid year. An additional goal is to increase savings on publications and consider electronic formats.

Mayor Jellins thanked staff and the public for the persistence in sticking with the subject. Council Member Duboc thanked all the staff that was involved in the Budget Advisory Committee.

Direction and Discussion Under Efficiencies

Council agreed with the list of efficiencies and there was full agreement on this topic.

Direction and Discussion Under Overhead Reductions

Per Council direction the following items were taken off the list for consideration:

- **reduction of Council Meetings to two a month**
- **elimination of the commission training/recognition event**
- **contribution to the Connoisseur's market**
- **reduction of vehicle repairs and maintenance**

The other mid year items are to remain on the list including reduction of policy and customer service.

Council discussed the role of the Budget Advisory Committee (BAC) and there was an interest to continue the matter to a later time when there was more time and energy to properly review it. Ms. Seymour reported that she had emailed BAC members asking if any of the members would like to be removed from the body. To date no BAC members had responded. The Assistant City Manager also made reference to a memo sent by Honor Huntington, Chair of the BAC, clarifying the BAC's interest in focusing on three particular areas which are: employee benefits, business development and general fund and infrastructure needs.

Council Direction was to place the Budget Advisory Committee item on next week's agenda.

C. PUBLIC COMMENT #2 (Limited to 30 minutes) - None

D. ADJOURNMENT – the meeting adjourned at 10:15 p.m.

Respectfully submitted,

Silvia M. Vonderlinden, Certified Municipal Clerk

Approved at the City Council Meeting of October 10, 2006.