



SPECIAL MEETING AGENDA

Date: 5/22/2020

Time: 1:00 p.m.

Special Meeting Location: Joinwebinar.com – ID# 326-904-987

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the City Council, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- Watch special meeting:
 - Access the special meeting real-time online at: joinwebinar.com – Special Meeting ID 326-904-987
 - Cable television subscriber in Menlo Park, East Palo Alto, Atherton, and Palo Alto: Channel 26
 - Online: menlopark.org/streaming

Note: City Council closed sessions are not broadcast online or on television and public participation is limited to the beginning of closed session.

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing the webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

According to City Council policy, all regular meetings of the City Council are to end by midnight unless there is a super majority vote taken by 11:00 p.m. to extend the meeting and identify the items to be considered after 11:00 p.m.

Special Session ([Joinwebinar.com](https://www.joinwebinar.com) – ID# 326-904-987)

A. Call To Order

B. Roll Call

C. Regular Business – continued from May 19, 2020

- C1. Provide direction on budget balancing measures including program and service reductions for the city manager's proposed fiscal year 2020-21 budget and authorize issuance of notice of intent to layoff affected positions ([Staff Report #20-106-CC](#))

D. Adjournment

At every regular meeting of the City Council, in addition to the public comment period where the public shall have the right to address the City Council on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Council on any item listed on the agenda at a time designated by the chair, either before or during the City Council's consideration of the item.

At every special meeting of the City Council, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the chair, either before or during consideration of the item. For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.org. Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [menlopark.org/agenda](https://www.menlopark.org/agenda) and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](https://www.menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 5/20/2020)



STAFF REPORT

City Council

Meeting Date:

~~5/19/2020~~ 5/22/2020

Staff Report Number:

20-106-CC

Regular Business:

Provide direction on budget balancing measures including program and service reductions for the city manager's proposed fiscal year 2020-21 budget and authorize issuance of notice of intent to layoff affected positions

Executive Summary

Without City Council direction to use one-time money, increase revenue, and/or reduce services before May 21, staff cannot prepare a balanced budget by the beginning of the new fiscal year, July 1. City staff requests that the City Council proactively identify a range of possible budget balancing measures. In the event the City Council seeks to reduce services, it is prudent to issue notice of intent to layoff the affected positions to realize savings as soon as possible in the new fiscal year. The city's labor agreements require a forty-five-day notice before effective date of layoff. The soonest savings are possible with the noticing period is the week of July 12 if direction is provided May 19.

Only the City Council has the authority to determine what is funded in the budget and, therefore, which services are offered. City staff have identified a range of options to reduce the budget with deep consideration of the impact on essential and mandated services as well as the impact on guiding principles, with particular focus on citywide equity, as articulated in the 2016 General Plan. The budget balancing measures are practical in their implementation considering the time available to make structural changes early enough in the fiscal year to offset the revenue shortfall.

As a service organization, the majority of the City's expenditures result from city staff hired to provide a wide range of services to the community. The City is bound by a number of agreements that impact personnel costs, none of which possess a renegotiation timeframe sufficient to structurally modify the city's personnel costs in fiscal year 2020-21 except through layoffs. There remains a possibility that labor units will volunteer concessions to offset the impact of layoffs however the closed labor contracts prohibit the city from imposing concessions.

There is no historical analog to help guide the development of a pandemic operating budget. City staff, however, strongly recommends a balanced approach to addressing the anticipated revenue shortfall of \$12.7 million. Staff recommends a number of personnel and non-personnel reductions to achieve \$8.7 million in net savings for the upcoming fiscal year. First among those cuts is a reduction in unrepresented management personnel costs equal to 25 percent. Staff also recommends the use of one-time money in an amount not to exceed \$4 million. To assist the City Council in their budget discussion, staff has presented reductions exceeding \$10 million in Attachment A.

City staff recommends that the City Council:

1. Confirm consensus on reductions outlined in Tables 2a, 3 and 4 resulting in \$5.8 million in reductions and 11.5 full-time equivalent (FTE) benefited positions frozen/eliminated and 14 temporary positions eliminated,

1. Consider staff's recommendation for an additional \$2.9 million in reductions with identified use of one-time money or increased revenue of \$4.0 million,
2. Consider options to reduce use of one-time money or increase revenue through additional actions as detailed in Attachment A, and
3. Authorize issuance of notice of intent to lay off those employees providing the programs and services impacted by reductions to the fiscal year 2020-21 budget.

Policy Issues

The City Council directs the city manager to prepare a balanced annual budget for its consideration before the beginning of each fiscal year. At the City Council's April 28 special meeting and May 12, staff provided estimates of a \$20.7 million revenue shortfall resulting from the COVID-19 pandemic. The revenue shortfall necessitates expenditure reductions to offset all or a portion of the shortfall. Early City Council guidance on potential reductions allows staff to prepare a budget that can be adopted before the beginning of the fiscal year, July 1. Delay in guidance on program and service reductions will delay budget preparation putting the City at risk of not having a balanced budget by July 1.

Background

On April 28, the City Council took action to amend the fiscal year 2019-20 general fund budget to close a budget deficit in the current fiscal year resulting from the COVID-19 pandemic. The City Council's action approved a balanced approach drawing from personnel and non-personnel savings as well as up to \$2.9 million from the City's economic stabilization reserve. While staff's recommendation was to adopt a budget strategy that continues a balanced approach to closing early estimates of the fiscal year 2020-21 budget deficit, the City Council directed staff to return with options for service reductions in order to adopt a balanced budget without the use of one-time monies, such as the economic stabilization reserve, for the 2020-21 fiscal year. As of June 30, the economic stabilization reserve balance is projected to have a remaining balance of \$11.6 million to help offset the impacts of future economic instability.

Analysis

Confirmation of previous direction

At the public meeting May 12, the City Council discussed options for service reductions and came to a tentative consensus on a number of options totaling \$5.8 million in expenditure reductions but did not finalize direction. In order to minimize confusion, the tables retain the numbering used in staff report #20-104-CC, included as Attachment B, while newly-introduced tables continue numbering beyond those used in the previously-published staff report. These reductions are outlined in Tables 2a, 3, and 4 below and included in greater detail in Attachment A. These expenditure changes are comprised of significant budgetary changes, Table 2a, changes to unrepresented management, Table 3, and tier 1 reductions whose impact on citywide equity is low, Table 4.

Table 2a: Baseline budget changes, department summary	
Item	2020-21 expenditure decrease/(increase)
Administrative services summary	143,537
City Council/city attorney/city manager/city clerk/sustainability summary	563,108
Community development summary	(109,586)
Community services summary	523,137
Library summary	(186,261)
Police summary	(461,045)
Public works summary	326,198
Total	799,088

Note: Detail, by department, available as Table 2 in Attachment A of staff report #20-104-CC

Table 3: Unrepresented management personnel cost reductions	
Item	2020-21 expenditure decrease/(increase)
Freeze community development director position	246,278
Freeze administrative services director position	251,726
Suspend unrepresented pay increases for 2020-21	174,000
Suspend unrepresented bonuses for 2020-21	240,000
Additional reductions to reach 25% reduction goal	231,291
Total	1,143,295

Table 4: Low impact on citywide equity, tier 1 reductions

Item	2020-21 expenditure decrease/(increase)
Rollback staff augmentation in finance: senior accountant; 2017-18	182,426
Rollback staff augmentation in human resources: HR technician; 2018-19	124,524
Reduce contract service support in HR and finance	40,000
Rollback community special events programming	304,575
Freeze management analyst position assigned to support community services	145,000
Reduce temporary staff by 30% due to anticipated service reductions	280,665
Withdraw from Peninsula Library System (note one-time costs in Table 2)	270,000
Eliminate enhancements to open data and crime analysis	144,000
Eliminate police chief's executive assistant	135,000
Eliminate Caltrain GoPass program for employees	71,478
Reduce public works' administrative capacity	86,414
Eliminate night-shift oversight of contract custodial services	272,187
Eliminate holiday decoration/lighting program	86,700
Eliminate fleet maintenance for West Bay Sanitary Sewer District and delay vehicle purchases in FY19-20, FY20-21.	199,680
Eliminate contingency for 2019-20 budget enhancements	1,500,000
Total	3,842,649

The combination of expenditure reductions identified in Tables 2a, 3 and 4 totals \$5.78 million, or \$6.90 million short of the projected \$12.7 million revenue shortfall. If these aforementioned changes are approved by City Council, the staff recommendation is to identify an additional \$2.9 million in expenditure reductions from the following tables and to use up to \$4.0 million in one-time money in order to balance the fiscal year 2020-21 budget. In addition, City Council may consider further expenditure reductions or revenue increases which would reduce the amount of one-time money use, including the use of no one-time monies at the City Council's discretion.

Additional expenditure reduction options

Staff report #20-104-CC for the May 12 City Council meeting identified a number of additional expenditure reduction options, included in Tables 5, 6, 7 and 8 in that report. At the direction of the City Council May 12, staff conducted additional analysis to several expenditure reduction options in order to provide additional alternatives. The potential service changes in Tables 5-8 as well as these additional options are outlined in Table 11, budget balancing measures. The newly-added options begin with reference No. 83.

Table 11: Additional expenditure reduction options		
Item	Ref #	2020-21 expenditure decrease/(increase)
Reduce long range planning projects	49	600,000
Roll back events and encouragement activities in the transportation demand management and safe routes to school programs	50	60,000
Reduce capacity in transportation division	51	177,531
Freeze 1 Management Analyst position assigned to support City Manager/City Council initiated special projects	52	178,561
Belle Haven pool remains closed until completion of BHCCL project	53	209,550
Onetta Harris Community Center remains closed until completion of BHCCL project	54	344,160
Reduce Belle Haven Branch open hours 25%	55	36,000
Reduce Main Library open hours 25%	56	286,000
Belle Haven Branch remain closed through December 2020 (school closure)	57	48,000
Reduce book/e-resource budget 75%	58	255,000
Suspend proactive parking enforcement	59	292,500
Reduce code enforcement efforts (reactive v. proactive)	60	154,000
Eliminate police community engagement programs; online property crime reports only	61	236,000
Eliminate pre-school child care at the Belle Haven Child Development Center (BHCDC)	62	1,737,011
Rollback staff augmentation in finance: temporary Accounting Assistants; 2016-17	63	54,720
Eliminate pre-school child care at Menlo Children's Center (MCC)	64	1,269,293
Rollback temporary staffing capacity for special capital and regional coordination projects	65	210,000
Reduce contract inspection and plan review services	66	200,000
Reduce sign replacement program and slow responses to non-safety street repairs and complaints	67	115,737
Eliminate 1 Accounting Assistant II	68	115,492
Reduce development review (planning)	69	334,201
Freeze IT Support Specialist position for 2020-21	70	146,298
Reduce contract planning services	71	75,000
Freeze inspection services vacant position for 2020-21	72	156,037
Reduce contract building services	73	375,000

Table 11: Additional expenditure reduction options (continued)		
Item	Ref #	2020-21 expenditure decrease/(increase)
Miscellaneous operating reductions (supplies, staff training)	74	65,000
Reduced patrol	75	1,600,000
Eliminate traffic unit	76	1,000,000
Eliminate (rollback) non-emergency line and increase 911 answer times	77	450,000
Eliminate proactive investigations including gang and narcotics	78	400,000
Reduce police records by 40%; suspend overnight parking permit sales	79	114,000
Reduce parks and landscape areas maintenance	80	700,309
Reduce capacity for land development and public right-of-way permit reviews	81	177,876
Reduce tree maintenance capacity and forgo implementation of new heritage tree ordinance requirements	82	171,250
7/1/20 Belle Haven CDC preschool child care reactivation	83	119,372
10/1/20 Belle Haven CDC preschool child care reactivation	84	149,215
1/1/21 Belle Haven CDC preschool child care reactivation	85	179,058
7/1/20 Gymnastics program reactivation	86	318,526
10/1/20 Gymnastics program reactivation	87	551,103
1/1/21 Gymnastics program reactivation	88	815,680
7/1/20 MCC preschool child care reactivation	89	167,945
10/1/20 MCC preschool child care reactivation	90	209,931
1/1/21 MCC preschool child care reactivation	91	251,917
Freeze Assistant Public Works Director - Transportation position	92	-
Additional CalPERS payments (paid by the strategic pension funding reserve)	93	(1,537,566)
Total*		10,206,960

* Total does not include ref #'s 83-91 to properly account for multiple alternative reductions in community services

Several of the items included in Table 11 are mutually exclusive but illustrate different reactivation scenarios for child care services at Belle Haven Community Development Center (BHCCDC), reference numbers 83-85, Menlo Children’s Center (MCC,) reference numbers 89-91, and gymnastics programming at the Arrillaga Family Gymnastics Center, reference numbers 86-88. The scenarios relating to child care are explained in Attachment C while scenarios relating to gymnastics are explained in Attachment D.

In addition, freezing the assistant public works director – transportation, reference No. 92, was previously included in item 51, reduce capacity in the transportation division. It is included as a separate line to better highlight these potential changes and the expenditure reduction is noted as zero in order to avoid double-

counting.

Use of one-time money

As recommended at the April 28 City Council meeting, staff continues to recommend a balanced approach to close the projected \$12.7 million shortfall through up to \$4 million in one-time money. One-time money is finite and staff strongly recommends against depleting one-time money at to balance structural budget deficits. Table 12 details one-time money available for consideration, including options added since May 12. Similar to earlier tables, the finance team has ranked each one-time money option based on the origin of funds and the long-lasting impact on the City’s financial stability. Tier 1 has greatest relevance to the COVID-19 pandemic and its impact on the City’s financial challenges in fiscal year 2020-21. Tier 2 is less directly tied to the projected deficit in fiscal year 2020-21. Both Tier 1 and Tier 2 one-time money may be replenished through future budget surpluses. Tier 3 are one-time money sometimes used by cash-strapped agencies to balance budgets however they generally impact tangible assets and their recovery is usually at a much greater long-term expense.

Table 12: Use of one-time money				
Item	Estimated available as of July 1, 2020	Maximum use	Priority	
Economic stabilization reserve	11,607,781	3,000,000	Tier 1	
Use of strategic pension reserve to make additional payments to CalPERS	2,898,650	1,537,566	Tier 1	
General fund unassigned fund balance	2,322,221	1,000,000	Tier 2	
Unused capital improvement program funds originated in the general fund	2,700,000	2,700,000	Tier 3	
Deferral of transfer to general capital improvements	3,002,400	3,002,400	Tier 3	
Sale of assets, 1283 Willow Road	3,650,000	3,650,000	Tier 3	
Total	26,201,052	14,889,966		

If the City Council desires to use one-time money, it is advisable to tie the use to one-time expenditures. In an operating budget these are typically contract services and supplies budgets. Attachment E transmits a memo from Public Works detailing the unused funds in the capital improvement program.

Revenue options

In order to reduce the need for expenditure reductions, there are several revenue options available for consideration by City Council for incorporation into the fiscal year 2020-21 budget. The options with reasonably quantifiable effects are presented in Table 13 and all options are described in greater detail below.

Table 13: Revenue options	
Item	2020-21 revenue increase/(decrease)
UUT maximum rates as of October 1, 2020	1,921,875
Remove gross receipts cap on business license tax*	1,050,000
Total	2,971,875

* requires voter approval

Utility users' tax (UUT)

Adopted in 2006, the UUT rate has been consistently reduced to 1 percent for each category since 2009. The maximum amount ranges from 2.5 percent for communications utilities to 3.5 percent for water, gas and electric utilities. If the City Council determines a need to use the UUT to balance the budget, the lowered tax rate could be increased up to the maximum for each category. The UUT budgeted in fiscal year 2019-20 totals \$1.21 million and could represent additional revenue of up to \$1.92 million in fiscal year 2020-21. It is important to note that the currently reduced rates run through September 30 and that the effect of the economic downturn is not yet readily apparent on utility use. The rate may be changed with 60 days' notice as new information about the economic conditions is incorporated throughout the fiscal year.

Business license tax

The business license tax rate was last changed in 1978 by Ordinance No. 628 and set the maximum tax at \$8,000 for gross receipts of \$30 million or higher, a current-year equivalent of over \$140 million. For illustrative purposes, a simple change which could be introduced on a ballot measure is to remove the gross receipts cap and continue the marginal tax rate proportionally. This change would affect approximately 50 organizations conducting business in Menlo Park and could increase revenue by up to \$1.05 million in fiscal year 2020-21. Other calculation bases, such as employee count, could be considered and proposed but will require additional analysis. A limiting factor is that businesses may choose to apportion revenue to other jurisdictions if this change were adopted, actions which few businesses currently do as a result of the cost to do so exceeding the maximum tax currently charged. It is important to note that this revenue measure must be approved by voters and cannot be unilaterally changed by City Council.

Transient occupancy tax (TOT or hotel tax)

The TOT or hotel tax currently in effect in the City of Menlo Park charges a rate of 12 percent, except in cases where additional rates apply, to rents charged for short-term rentals of 30 days or less. Similar to the previous revenue measure, the tax charged on short-term rentals within the City could be modified from its current rate with voter approval. The potential revenue increase is dependent both on the additional rate charged as well as the actual occupancy and room rates observed throughout the fiscal year. With the change in behaviors expected due to the current crisis, any additional amount raised by this method is highly speculative and, as noted in the prior item, is fully dependent on voter approval.

User fee study

As earlier indicated in staff report #20-104-CC, a user fee study could be done to better capture the cost to provide services which require modification under new social interaction guidelines. These could include a range of services and the cost recovery policy and service mix would dictate the revenue generated by this activity. It is important to note that a user fee study does have some lead time, service provision is somewhat impacted during the study, and consultants for these services are typically in high demand in uncertain economic conditions.

Impact on City Resources

The impact on City resources depends on the direction provided by City Council. As a result of this report, staff seeks to hold expenditures at a baseline level and close a projected revenue shortfall of \$12.7 million. The tables outlined above are summarized in Table 14.

Table 14: Reductions summary	
Item	2020-21 expenditure decrease/(increase)
Baseline budget changes (Table 2)	799,088
Unrepresented management personnel cost reductions (Table 3)	1,143,295
Low impact on citywide equity, tier 1 reductions (Table 4)	3,842,649
Projected revenue shortfall	(12,688,343)
Total	(6,903,311)

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Budget reduction worksheets
- B. Hyperlink – Staff report #20-104-CC: menlopark.org/DocumentCenter/View/25038/E1-20200512-CC-Program-and-service-reductions
- C. Child care reactivation scenarios memo from Community Services
- D. Gymnastics reactivation scenarios memo from Community Services
- E. Hyperlink – Capital improvement funding memo from public works: menlopark.org/DocumentCenter/View/25172/Attachment-E

Report prepared by:
 Dan Jacobson, Assistant Administrative Services Director
 Nick Pegueros, Assistant City Manager

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
49	Reduce long range planning projects	Community development	600,000	-	600,000	Reduce the ability to modify/enhance long range planning documents such as the General Plan, Housing Element and/or the Specific Plan given available staffing resources focus on development review. Long range planning efforts develop and implement a vision for future growth in the City. The City is required to update its Housing Element by December 2022. Limited work on the Housing Element would start in FY 2020-21, which would compress the timeline for the remainder of the planning period.	5	Tier 1	0	0	0	0
50	Roll back events and encouragement activities in the transportation demand management and safe routes to school programs	Public works	60,000	-	60,000	Reduce level of support for safe routes to school program by 50% and eliminate budget for special events. Reducing the budget for these programs is due to the uncertain level of school activity and ability to host encouragement and educational events next school and fiscal year. Further, schools' ability to continue to support the program next year is uncertain.	5	Tier 1	0	0	0	0
51	Reduce capacity in transportation division	Public works	177,531	-	177,531	Freeze 2 vacancies in the transportation division, an Associate Transportation Engineer and Junior Engineer. Reduce number and/or complexity of capital projects to be completed. Eliminate the staff time and construction funds to support the program to respond to neighborhood traffic complaints.	5	Tier 1	2	0	2	0
52	Freeze 1 Management Analyst position assigned to support City Manager/City Council initiated special projects	CC, CA, CMO	178,561	-	178,561	This reduction eliminates 1.0 FTE vacant management analyst position that provides capacity to support City Council meetings and events, research projects requested by the City Manager, legislative analysis/tracking, and constituent relations.	6	Tier 1	1	0	1	0
53	Belle Haven pool remains closed until completion of BHCCL project	Community services	209,550	60,000	149,550	Temporary reduction in service until the completion of BHCCL project. Reduces access to aquatics programming in Belle Haven neighborhood impacting low-income and vulnerable populations. The pool is set to close on October 1, 2020 for the BHCCL construction with transitional services planned for the Burgess Pool. Assumptions: Pool operation remains impacted by COVID-19 through September 2020. Pool was scheduled to close on October 1 for BHCCL project.	6	Tier 1	0	0	0	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
54	Onetta Harris Community Center remains closed until completion of BHCCL project	Community services	344,160	42,250	301,910	Temporary reduction in service until completion of BHCCL project requiring a furlough of 1.75 FTE. Reduces access to recreation programming impacting low-income and vulnerable populations. OHCC is set to close in December 2020 for the BHCCL construction with a plan to transition services to the Arrillaga Family Recreation Center and Arrillaga Family Gymnasium during the interim period. Assumes OHCC would remain closed when or if we enter into Stage 3 of COVID-19 recovery.	6	Tier 1	1.75	12	0	2
55	Reduce Belle Haven Branch open hours 25%	Library	36,000	-	36,000	Significantly reduced public access to books, public computers/internet, adult literacy tutoring, afterschool homework support, early childhood education services. Reductions will disproportionately impact low-income, unemployed and other vulnerable populations.	6	Tier 1	0	3	0	0
56	Reduce Main Library open hours 25%	Library	286,000	-	286,000	Significantly reduced public access to books, public computers/internet, adult literacy tutoring, afterschool homework support, early childhood education services. Reductions will disproportionately impact low-income, unemployed and other vulnerable populations.	6	Tier 1	0	24	0	0
57	Belle Haven Branch remain closed through December 2020 (school closure)	Library	48,000	-	48,000	Significantly reduced public access to books, public computers/internet, adult literacy tutoring, afterschool homework support, early childhood education services. Reductions will disproportionately impact low-income, unemployed and other vulnerable populations.	6	Tier 1	0	4	0	0
58	Reduce book/e-resource budget 75%	Library	255,000	-	255,000	Some impact to availability of new books, e-books and other resources. Fewer electronic options available. Nonprofit partner Friends of the Library would likely agree to help partially offset this reduction through providing donated funds to City for Library book purchasing.	6	Tier 1	0	0	0	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
59	Suspend proactive parking enforcement	Police	292,500	200,000	92,500	No proactive parking enforcement will be conducted downtown or in neighborhoods. Overnight parking program will cease. Parking permit program will be suspended. Parking complaints will be handled by patrol when possible. Furlough 2.5 FTE Parking Enforcement Officers. Assumptions: Parking enforcement revenue has been on the decline for the past several years. Due to the pandemic and the slow re-opening of society, it is expected that parking enforcement (which is currently suspended) revenues will decline due to fewer customers shopping at non-essential businesses. This program could be re-activated once normalization occurs.	6	Tier 1	2.5	0	0.5	2
60	Reduce code enforcement efforts (reactive v. proactive)	Police	154,000	-	154,000	Code enforcement will be reactive only. Code enforcement complaints will be held up to a month depending on severity. Abandoned vehicle abatement will be curtailed. 1 FTE Code Enforcement Officer	6	Tier 1	1	0	0	1
61	Eliminate police community engagement programs; online property crime reports only	Police	236,000	-	236,000	Cessation of community engagement programs (National Night Out, Block Parties, Neighborhood Watch). No crime prevention services. All misdemeanor property crimes will be required to be reported on-line. 2 FTO Community Service Officers	6	Tier 1	2	0	0	2
62	Eliminate pre-school childcare at Menlo Childrens' Center (MCC)	Community services	1,269,293	618,800	650,493	Childcare and early childhood education is an essential service for working parents and the community.	7	Tier 2	9.5	9	2	10
63	Eliminate pre-school childcare at the Belle Haven Child Development Center (BHCDC)	Community services	1,737,011	717,860	1,019,151	Childcare and early childhood education is an essential service for working parents and the community. A service reduction will disproportionately impact low-income and vulnerable populations.	7	Tier 2	15	8	1	15
64	Rollback staff augmentation in finance: temporary Accounting Assistants; 2016-17	Admin Services	54,720	-	54,720	Lays off two temporary staff and reduces capacity added to make process and system improvements such as budget software implementation. The two temporary Accounting Assistant positions added capacity to process improvement projects such as OpenGov implementation in the finance division. This proposal eliminates that added capacity and returns services to the baseline level.	7	Tier 2	0	2	0	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
65	Rollback temporary staffing capacity for special capital and regional coordination projects	Public works	210,000	-	210,000	Roll back budget to support temporary staffing of special projects by Senior Project Managers. This would reduce capacity in engineering (utilities and capital projects divisions) and transportation by reassigning projects (Middle rail crossing, Utility Undergrounding, Belle Haven Community Center & Library, coordination with San Francisquito Creek JPA) led by Senior Project Managers to other staff and delaying other current projects assigned to those staff members.	7	Tier 2	0	2	0	0
66	Reduce contract inspection and plan review services	Public works	200,000	-	200,000	Reduce inspection capacity and eliminate inspections for work in late evening/overnight. Reduce plan review contract assistance for land development engineering services. Reducing construction inspection support would exacerbate traffic impacts on major corridors during construction. Reducing plan review services would increase turnaround times for projects (large projects and single-family home remodels/reconstructions).	7	Tier 2	0	0	0	0
67	Reduce sign replacement program and slow responses to non-safety street repairs and complaints	Public works	115,737	-	115,737	Reassign stormwater inspections (legally mandated) to staff and cancel contract that performs this service; this would impact capacity in the streets program. Reduce sign maintenance program and slow responses to non-safety street repairs and complaints. Reduce overtime costs associated with staffing events and street closures for FY20-21, which are unlikely to occur. Eliminate graffiti abatement program.	7	Tier 2	0	0	0	0
68	Eliminate 1 Accounting Assistant II	Admin Services	115,492	-	115,492	Eliminates 1 FTE Accounting Assistant II and lays off one staff providing payroll, payable, and general accounting support. The part-time Accounting Assistant II replaced a Management Analyst I added as part of the expanded Administrative Services staff supporting increased City operations. This proposal would eliminate the position and redistribute responsibilities between the remaining positions in the classification.	8	Tier 3	1	0	1	1
69	Reduce development review (planning)	Community development	334,201	-	334,201	Freeze 1 FTE Senior Planner and 1 FTE Associate Planner positions for 2020-21. General reduction in staff could increase the processing timelines for projects requiring discretionary review and building permit review and/or reduce the ability to work on long range or special projects.	8	Tier 3	2	0	2	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
70	Freeze IT Support Specialist position for 2020-21	Admin Services	146,298	-	146,298	Freezes 1 FTE vacant position providing IT maintenance and desktop support citywide. The IT Specialist II provides desktop support and hardware installation and maintenance support to citywide IT systems.	8	Tier 3	1	0	1	0
71	Reduce contract planning services	Community development	75,000	-	75,000	Reduce contract services that supplement and/or enhance service levels. Reduction in contract services affects the ability to adjust service levels to meet demand for development review and/or building permits	8	Tier 3	0	0	0	0
72	Freeze inspection services vacant position for 2020-21	Community development	156,037	-	156,037	Freeze 1 FTE vacant inspector position to support construction activity. Reduces general ability and flexibility to inspect construction projects.	8	Tier 3	1	0	1	0
73	Reduce contract building services	Community development	375,000	-	375,000	Reduce contract services that supplement and/or enhance service levels. Generally reduces ability to respond to increase in demand for plan check services, inspections and administrative support. Affects customer service at the front counter and increases processing times.	8	Tier 3	0	0	0	0
74	Miscellaneous operating reductions (supplies, staff training)	Library	65,000	-	65,000	Not immediately visible to community; impacts mostly felt internally/ operationally	8	Tier 3	0	0	0	0
75	Reduced patrol	Police	1,600,000	-	1,600,000	Increase in response time for all classifications of calls for service by a factor of 1-1.5. No response to any misdemeanor property crime, which will only be reported online. No response to non-criminal calls for service (e.g.-advice, neighbor problems, citizen assists, etc.) Severe decrease in proactive policing. Only injury accidents will be responded to, property damage only accidents will not be responded to. 8 FTE Police Officers (Furlough 8 FTE)	8	Tier 3	8	0	0	8
76	Eliminate traffic unit	Police	1,000,000	200,000	800,000	Traffic unit will be disbanded. Patrol will enforce traffic issues as possible. Traffic complaints and requests for special enforcement will cease. 5.0 FTE Police Officers (Freeze 5 FTE). Assumptions: Traffic fines have been decreasing in the past several years. The lack of traffic due to the current pandemic coupled with courts being closed will see a severe drop in revenues from fines. It is assumed that it may take several years for traffic to resume to per-pandemic levels. It is also assumed that the State and County will decrease the percentage of fines directed to cities in order to address their own budget deficits.	8	Tier 3	5	0	5	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
77	Eliminate (rollback) non-emergency line and increase 911 answer times	Police	450,000	-	450,000	911 answer times will increase by a factor of 2. Non-Emergency line will not be answered off hours or weekends. Callers will be directed to leave messages nor non-emergency business. 3.0 FTE Dispatchers (Freeze 1 FTE, Rollback 1 FTE, Furlough 1 FTE)	8	Tier 3	3	0	1	2
78	Eliminate proactive investigations including gang and narcotics	Police	400,000	-	400,000	Unit will be reduced to 2 general person crime detectives. Property crimes will not be investigated past patrol. No proactive investigations, including gang and narcotics will be conducted. 1 FTE Police Officer (Net furlough 1 FTE)	8	Tier 3	1	0	1	0
79	Reduce police records by 40%; suspend overnight parking permit sales	Police	114,000	60,000	54,000	Records will have limited capacity and will only be open 3 days a week. Parking passes will not be sold. 2 FTE Records Specialists (Freeze 1 FTE, Furlough 1 FTE)	8	Tier 3	1	0	1	0
80	Reduce parks and landscape areas maintenance	Public works	700,309	-	700,309	Eliminate herbicide free program (\$400,000 plus service level enhancement pending FY19-20, accounted for in non-departmental category). Eliminate one parks maintenance worker position. Eliminate temporary worker position assigned to clean Nealon Park dog park and sports field daily. Reduce landscape maintenance and upkeep of Sand Hill Road median. Resume using herbicides. Reducing parks maintenance tasks would impact the general appearance and usability of sports fields, lawn areas, general upkeep of parks and playgrounds; park playground inspections; mowing of turf; weed maintenance). Nealon Park dog park and sports field users would need to clean the park area. Sand Hill Road median would only be maintained to provide for necessary vehicle sight line safety.	8	Tier 3	1	1	0	1
81	Reduce capacity for land development and public right-of-way permit reviews	Public works	177,876	-	177,876	Freeze 1 vacant Associate Civil Engineer position. Reducing capacity in land development engineering section would increase wait times for utility, telecommunications, and private development applications. This would increase turn around times for planning and building permit reviews for large and single-family home projects and reduce capacity for construction oversight and coordination on these projects.	8	Tier 3	1	0	1	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
82	Reduce tree maintenance capacity and forgo implementation of new heritage tree ordinance requirements	Public works	171,250	-	171,250	Reduce tree trimming frequency, where each city maintained tree would be trimmed every 7 instead of current practice of every 5 years. Forgo implementation requirements of the new heritage tree ordinance adopted by the City Council on November 19, 2019. Reduced tree maintenance would increase the potential for tree canopy decline over time. The new heritage tree ordinance requirements are staff intensive and required \$120,000 in additional cost to implement.	8	Tier 3	0	0	0	0
83	7/1/20 Belle Haven CDC preschool childcare reactivation	Community services	119,372	(369,000)	488,372	CDC expects to reopen July 1, at new capacity of 48 with the new ratio requirements. We will need to un-enroll 48 students. Childcare and early childhood education is an essential service for working parents and the community. The City will need to redirect half of the students to other preschool spots due to the new requirements regarding capacity. Assumptions: Open Jul 1 with 48 students, which is 50% of normal capacity	New	Tier 2	15	8	1	0
84	10/1/20 Belle Haven CDC preschool childcare reactivation	Community services	149,215	(276,750)	425,965	If the shelter-in-place is not lifted until Oct 1, CDC would enroll at max capacity with the required new ratio of 48 students. Childcare and early childhood education is an essential service for working parents and the community. The City will need to redirect half of the students to other preschool spots due to the new requirements regarding capacity. Assumptions: At new capacity of 48 students, utilizing all four rooms.	New	Tier 2	15	8	1	0
85	1/1/21 Belle Haven CDC preschool childcare reactivation	Community services	179,058	(184,500)	363,558	If the shelter-in-place is not lifted until Jan 1, CDC would enroll at max capacity with the required new ratio of 48 students. Childcare and early childhood education is an essential service for working parents and the community. The City will need to redirect half of the students to other preschool spots due to the new requirements regarding capacity. Assumptions: At new capacity of 48 students, utilizing all four rooms.	New	Tier 2	15	8	1	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
86	7/1/20 Gymnastics program reactivation	Community services	318,526	(193,375)	596,081	The Gymnastics program is able operate summer camps in compliance with Stage 2 order. Limited impact. Gymnastics provides for early childhood development and is the most popular and highest attended recreation activities the City offers. Assumptions: Stage 2 activation allows for camps and/or Stage 3 begins July 1. Half day camps with 3 cohorts of 10 children in morning and afternoon.	New	Tier 1	7	26	0	0
87	10/1/20 Gymnastics program reactivation	Community services	551,103	(93,375)	728,678	Suspends gymnastics programs until October 1 resulting of a furlough of 2.0 FTE. Most staff retained to limit delay in service reactivation. Moderate impact. Gymnastics provides for early childhood development and is the most popular and the highest attended recreation activities the City offers. Assumptions: Stage 3 begins Oct 1. Classes reduced to 4 per hour x 5 students or a maximum of 20 students in Gym.	New	Tier 2	7	26	0	2
88	1/1/21 Gymnastics program reactivation	Community services	815,680	56,625	956,505	Suspends gymnastics programs until January 1 resulting in a furlough of 5.0 FTE. Retains minimal staff for reactivation of service post COVID-19. Highest impact. Gymnastics provides for early childhood development and is the most popular and highest attended recreation activities the City offers. A reduction in this area will impact a significant number of families. Assumptions: Stage 3 begins Jan 1. Classes reduced to 4 per hour x 5 students or a maximum of 20 students in Gym.	New	Tier 2	7	26	0	5
89	7/1/20 MCC preschool childcare reactivation	Community services	167,945	(381,000)	548,945	Currently, 40% of MCC families have identified themselves as essential workers. 90% have indicated they will be returning when the shelter-in-place is lifted, we are expecting 36 of 60 students returning in July. Childcare and early childhood education is an essential service for working parents and the community. MCC will need to unenroll 24 students. Assumptions: Expectation is to bring back 36 students by July 1, which is 60% of normal capacity.	New	Tier 2	9	9	2	0
90	10/1/20 MCC preschool childcare reactivation	Community services	209,931	(285,750)	495,681	If the shelter in place was not lifted until Oct 1, MCC would reopen at 60% capacity with the new ratio requirements. Childcare and early childhood education is an essential service for working parents and the community. MCC will need to unenroll 24 students. Assumptions: Open 3 classrooms starting Oct 1 with 12 students in each, for a total capacity of 36 students.	New	Tier 2	9	9	2	0

Table 11. Budget balancing measures

Ref # Number	Item	Dept.	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	Impact and assumptions	5/12 staff report table no.	Dept. ranking.	Impact on employees			
									Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
91	1/1/21 MCC preschool childcare reactivation	Community services	251,917	(190,500)	442,417	If the shelter in place was not lifted until Jan 1, MCC would reopen at 60% capacity with the new ratio requirements. Childcare and early childhood education is an essential service for working parents and the community. MCC will need to unenroll 24 students. Assumptions: Open all three classrooms on Jan 1 with 12 students each, for a total capacity of 36 students.	New	Tier 2	9	9	2	0
92	Freeze Assistant Public Works Director - Transportation position	Public works	-	-	-	Freezes 1 FTE vacant position providing leadership to the transportation division. This was previously bundled with reductions per line 51. Savings for this frozen position is \$209,342. To avoid double counting expenditure decrease,, shown as zero in this line item.	New	Tier 2	1	0	0	0
93	Additional CalPERS payments (paid by the strategic pension funding reserve)	Non-departmental	(1,537,566)	-	(1,537,566)	10-year amortization schedule for miscellaneous and 15-year schedule for tier 1 safety.	New	Tier 1	0	0	0	0
Total*			10,206,960	1,898,910	8,308,050			Total*	60	65	21	44

* Total does not include ref #'s 83-91 to properly account for multiple alternative reductions in community services

Table 12. Use of one-time money

Ref # Number	Item	Maximum recommended	Impact and assumptions	5/12 staff report table no.	Dept. ranking.
94	Use of economic stabilization reserves (\$11.6 million balance on 7/1/20)	3,000,000			Tier 1
95	Use of strategic pension funding reserve to make additional CalPERS payments	1,537,566	10-year amortization schedule for miscellaneous and 15-year schedule for tier 1 safety.		Tier 1
96	Use of unassigned fund balance (\$2.1 million balance on 7/1/20)	1,000,000			Tier 2
97	Unused capital improvement funds (up to \$2.7 million)	2,700,000			Tier 3
98	Reduction in capital transfer (up to \$3.0 million)	3,002,400			Tier 3
99	Sale of assets (up to \$3.7 million)	3,650,000			Tier 3
Total		14,889,966			

Table 13. Revenue increases

Ref # Number	Item	Maximum recommended	Impact and assumptions	5/12 staff report table no.	Dept. ranking.
100	Increase UUT effective October 1, 2020 up to \$1.9 million	1,921,875	Maximum rate by category		
101	Increase business license effective January 1, 2020 up to \$1.1 million	1,050,000	Gross receipts cap lifted; voter-approved		
		2,971,875			

Table 14. Summary

Item	2020-21 Expenditure decrease/ (increase)	Projected 2020-21 Revenue	2020-21 Net impact on deficit decrease/ (increase)	5/12 staff report table no.	Impact on employees			
					Reduction in authorized FTEs	No. of benefited employee layoffs	No. of temporary employee layoffs	No. of vacant positions
Table 2: Baseline budget changes	799,088	-	799,088	2	1.00	1.00	-	-
Table 3: Unrepresented management personnel cost reductions	1,143,295	-	1,143,295	3	2.00	-	-	2.00
Table 4: Low impact on citywide equity, tier 1 reductions	3,842,629	-	3,842,629	4	8.50	4.00	14.00	5.00
Projected revenue shortfall	(12,688,343)	-	(12,688,343)					
Total	(6,903,331)	-	(6,903,331)		11.50	5.00	14.00	7.00



MEMORANDUM

Date: 5/14/2020
To: Starla Jerome-Robinson, City Manager
From: Adriane Lee Bird, Assistant Community Services Director
Re: City General Fund Support of City's Childcare Programs
CC: Derek Schweigart, Community Services Director
Dan Jacobson, Assistant Administrative Services Director
Nick Pegueros, Assistant City Manager

Background

The City of Menlo Park operates four childcare programs serving approximately 300 children. The Menlo Children's Center (MCC) Preschool serves 60 preschool age children while MCC After School program serves an additional 67 children in kindergarten through fifth grade. Additionally, the City operates a California State Preschool Program (CSPP) contracted-preschool, the Belle Haven Child Development Center (BHDC), which serves 96 low-income children with working parents or parents who are in school or job training. The BHDC includes a nutrition component providing children with a daily breakfast, lunch and snack, as well as parent education and mental health support for families. The Belle Haven After School (BHAS) program serves 62 low-income children in kindergarten through fifth grade.

While there are a number of private and non-profit operated childcare centers in Menlo Park, there is a shortage of over 500 childcare spaces in the City as reported by the Child Care Coordinating Council of San Mateo County. There has been a steady increase in enrolment in all programs over the past few years. All classrooms at MCC have a waitlist, with some families waitlisted for up to two years. While MCC and BHAS programs have additional capacity per licensing, the challenge of hiring qualified childcare staff on the peninsula with the high cost of living has made it difficult to fully enroll programs. In some cases, it has taken two years for the City to hire certain positions. Beyond recruiting talent, retaining talent has also been a struggle for childcare centers throughout the area. The ability to recruit and retain talent is a threat to the sustainability of the programs.

General Fund Support Prior to COVID-19

Prior to COVID-19, the projected general fund support for the MCC Preschool in fiscal year 2019-20 was \$362,857. While much of the operational cost of the BHDC is offset by state and federal grants totaling \$1,011,000 and the Big Lift grant of \$135,000, the remaining general fund support for the BHDC was projected to be \$714,860 for the year as indicated by the program budget in (Table 1). The BHDC recently attained a level 3 QRIS rating, the statewide quality rating and improvement system, qualifying for an additional \$22,500 of grant money, increasing the state subsidy further. For the MCC After School program, general fund support was projected to be \$26,582 while the general fund support for the BHAS program was \$148,492. General fund support for all childcare programs are included in (Table 2).

Table 1: BHCDC Fiscal Year 2019-20 Budget (Amended)			
	Expenditures	Revenue	General Fund Support
	\$1,049,685	\$1,011,000	
	Operations	Fed/State grants	
	\$774,529	\$135,000	
	Certificated teachers	Measure A (Big Lift)	
	\$167,014	\$93,400	
	Measure A (Big Lift)	Charges for service	
	\$15,632	\$52,600	
	Big Lift matching grant requirement	California Adult and Child Food Program (CACFP)	
Total	\$2,006,860	\$1,292,000	\$714,860

Table 2: General Fund Support of Childcare Programs FY 2019-20 (Amended)			
Program	Expenditures	Revenue	General Fund Support
MCC Preschool	\$1,314,857	\$952,000	\$362,857
MCC After School	\$492,082	\$465,500	\$26,582
BHCDC Preschool	\$2,006,860	\$1,292,000	\$714,860
Belle Haven After School	\$207,992	\$59,500	\$148,492
Total	\$4,021,791	\$2,769,000	\$1,252,791

Childcare programs are included in the San Mateo County Health Officer's ranking of essential services, consistent with the Community Services Department's Operational and Administrative Review conducted by the Municipal Resource Group (MRG) consultants in 2014. In last week's survey sent to families of the two preschool programs, 95% of all families plan to return to preschool after the shelter-in-place order is lifted. Of these parents, 84% will need full-day care, 5 days a week, while 87% of the families responded that they do not have any other option for childcare. The survey shed light on the fact that 73% of the CDC families are essential frontline workers who need childcare to return to work, while only 23% of the MCC parents fall into this category. Many parents from both MCC and the CDC provided comments

that the closures have already or will affect their ability to return to work.

General Fund Impact of Childcare Reactivation Proposals

At this time, given the new guidelines post COVID-19 regarding childcare and the lower ratios required to more effectively social distance, the City will need to reduce capacity at MCC Preschool by 40% and by 50% at the CDC. Depending on when the shelter-in-place order is lifted, projections were calculated on reactivation for each quarter of the fiscal year. If the City Council wishes to continue supporting these services at a greater cost per child due to the lower ratios, the impacts to the City's general fund are included in Table 3. Expenditures over all reactivation scenarios include reductions in all operating expense categories except for permanent staff salaries and benefits in order to provide the service and adhere to the strict childcare guidelines for social distancing protocols. Revenues are based upon the teacher-student ratios as prescribed by the current restrictions. For the BHCDC, staff is working with our state contract administrator to determine the level of grant funding they expect to provide next year and the parameters for the funding. Currently, the state continues to provide grant support for the distance learning program that the childcare teachers are providing to their students and families.

Table 3: Projected General Fund Support of Preschool Programs FY 2020-21			
Program	Expenditures	Revenue	General Fund Support
MCC Preschool			
Opens July 1	\$1,146,912	\$571,200	\$575,712
Opens Oct 1	\$1,104,926	\$428,400	\$676,526
Opens Jan 1	\$1,062,940	\$285,600	\$777,340
CDC Preschool			
Opens July1	\$1,887,488	\$552,200	\$1,335,288
Opens Oct 1	\$1,857,645	\$414,150	\$1,443,495
Opens Jan 1	\$1,827,802	\$276,100	\$1,551,702
Total for Jul 1			\$1,911,000
Total for Oct 1			\$2,120,021
Total for Jan 1			\$2,329,042



MEMORANDUM

Date: 5/15/2020
To: Starla Jerome-Robinson, City Manager
From: Derek Schweigart, Community Services Director
Re: Gymnastics program reactivation options in response to COVID-19
CC: Nick Pegueros, Assistant City Manager
Dan Jacobson, Assistant Administrative Services Director

Background

The City of Menlo Park has operated the Menlo Park Gymnastics program since 1962 and operates 6 days a week. Menlo Park Gymnastics is a member of USA Gymnastics and all the permanent staff are USA gymnastics safety certified. The program offers a wide range of preschool recreation classes for preschool children who are walking to age 5, developmental recreation classes for children between the ages of 6 to 13 and some classes for high school and adults. The program has seven full time employees and approximately 25-35 temporary employees throughout the year. The Arrillaga Family Gymnastics Center is a state of the art facility that was rebuilt in 2012 with 19,400 square feet of programmable space and includes all standard Olympic size gymnastics equipment. Since the remodel, there has been a dramatic increase in programming, participation and annual revenue. At its peak in FY 2015-16, the program averaged approximately 1,800 participants per session and generated approximately \$1.6 million in annual revenue. In recent years in FY 2017-18 and FY 2018-19, the program served between 1,500-1,700 participants with an annual revenue of \$1.3 to \$1.5 million operating with 3-6 concurrent classes held per hour.

Although demand for classes has remained steady, over the past few years it has been difficult to hire and maintain enough temporary employees to run the gymnastics program at capacity. On average, gymnastics requires 6 to 8 employees an hour to properly provide the current mix of programming and safety protocols at full capacity. In order to adapt, the program began eliminating classes one an hour, or approximately 40 classes per week in order to adjust to current staffing capacity. Only classes with the least participation were impacted. These reductions began in 2018 and have continued to today.

Even with the adjustments to staffing and reduced capacity, Gymnastics is the most popular and highest attended recreation activity that the City has to offer. The program continues to maintain long waitlists for peak class times and serves over 6,000 participants annually. Gymnastics is highly valued in the community with few alternatives in the area. The closest gyms with similar offerings and size to Menlo Park are Goldstar in Sunnyvale and San Mateo Gymnastics. However, our program is more recreational and less competitive which is why our preschool programs are highly rated and valued.

Analysis

The COVID-19 pandemic has forced parks and recreation agencies to suspend or modify the programs and services that they provide. Menlo Park is following the

current reactivation guidelines provided by the County Health Officer as well as the Governor's 4-stage reopening of businesses and recreational facilities. Gymnastics classes have been suspended since the shelter-in-place order was announced back in March. Gymnastics, along with other Community Services staff have mobilized to engage customers virtually through the City's Virtual Recreation Center which offers distance learning opportunities. Staff has also been reassigned to assist in other important areas of the City, including support of the Senior meal program delivery, food pantry, wellness checks, as well supporting the City's Emergency Operations Center strategies like parks monitoring.

The Community Services Department is working closely with the City's reactivation team to mobilize its programs and services once we are authorized to do so by the County and given the go ahead by the City Manager. The County is slowly entering into Stage 2 of reactivation which allows:

"Childcare establishments, summer camps, and other educational or recreational institutions or programs providing care or supervision for children of all ages."

Currently, "gyms" are listed under Stage 3 reactivation of the Governor's plan which also includes movie theaters and fitness establishments. The gymnastics center would fall in line with Stage 3 reopening, however we are investigating the possibility of offering highly restricted summer camps that would allow for some programming during the summer session.

Community Services has provided three reactivation scenarios for Gymnastics that will depend on what stage of recovery the County is in at the time. Table 1 provides a breakdown of the possible reactivation scenarios depending on when the facility would be allowed to reopen to customers.

Reactivation on July 1

This scenario assumes that we are either in Stage 2 and permitted to offer summer camps or we are in Stage 3 which would allow for regular classes but highly reduced in order to comply with social distancing and safety requirements. If we are permitted to operate camps these would be programmed as half day camps with 3 cohorts of 10 children in the morning and afternoon, ensuring we can comply with restrictions. If in Stage 3, classes would be reduced to 4 per hour x 5 students or a maximum of 20 students in Gym at any given time. The expenditures in this category include reductions over all expenditure categories except for permanent staff salaries and benefits in order to provide the proposed level of service. A projected revenue of \$550,000 is the highest expected revenue over the three reactivation scenarios.

Reactivation on October 1

Under this scenario, Gymnastics is not expected to reopen until Stage 3 which we are assuming will begin on or before October 1. Although we are expecting to reopen the facility in Stage 3, we would expect that the number of classes and children served would be significantly reduced in order to comply with the necessary social distancing guidelines and/or the demand for service would be greatly reduced. In this scenario, classes are reduced to 4 per hour x 5 students or a maximum of 20 students in Gym. We would anticipate serving approximately 20 children per hour and 140 children per day. The expenditures in this category include reductions over all expenditure

categories including a reduction of 2.0 FTE in administrative support for the program. Most staff are retained in this scenario in order to limit the delay in service reactivation taking into account the lengthy time necessary to recruit and hire qualified teaching staff.

Reactivation January 1

In this proposal, Gymnastics programming would remain suspended until January 1, 2021. Upon reactivation, similar level of classes would be offered as the other proposals, but for fewer months of the year. The expenditures in this category include reductions over all expenditure categories including the reduction of 5.0 FTE, only retaining the minimal staff required for reactivation post COVID-19.

Table 1: Gymnastics General Fund impact over all reactivation proposals			
Reactivation	Expenditures	Revenues	General Fund Impact
FY 2019-20 Adopted	\$1,342,301	\$1,426,500	-\$84,199
Reactivate July 1	\$1,023,774	\$550,000	\$473,774
Reactivate Oct 1	\$791,197	\$450,000	\$341,197
Reactivate Jan 1	\$526,620	\$300,000	\$226,620

