



## FINANCE COMMITTEE

---

Regular Meeting  
Thursday, May 7, 2009

The Finance Committee of the City of Palo Alto met on this date in the Council Chambers at 7:05 p.m.

Present: Burt, Klein, Morton, Schmid

Chair Burt called the meeting to order announcing the continuation of this series of budget meetings.

1. Oral Communications

None

2. Police Department Budget

City Manager, James Keene, opened the discussion introducing a memorandum showing revised organization charts for the Police Department.

Administrative Services Director, Lalo Perez, reviewed the budget process. He explained there is a list of Staff recommendations for the Committee's review. If a majority of Council Members pass an item through it will become part of the tentatively adopted budget. If only two Council Members agree with the recommendation it will be listed in the Parking Lot. He began a review of the items already considered by the Committee and listed in the Parking Lot.

1. Review reducing one attorney and one support staff for a possible reduction of approximately \$250,000 including benefits.
2. Staff to research price discounts on contracts.
3. Elimination of the outside CEO evaluation contract for an amount of \$11,000 in the base budget, because \$23,400 was being used from the Council Contingency Fund.

Mr. Perez explained the balance of the sheet contained an ongoing list of adjustments including corrections to the City Manager and Council Contingency Funds, and adding \$32,000 to the City Manager's budget for sustainability programs in both years.

Mr. Keene said this shows the removal of the suggested deduction for sustainability fees from the Council Contingency Fund.

Chair Burt asked for an update on the out of area training and conference expense reductions for various departments.

Mr. Perez said that he understood the request was to collect that budget information from the various departments and be prepared to discuss this issue.

Chair Burt confirmed that was a correct understanding and asked if this should be listed as a Parking Lot item for further discussion at a later time.

Mr. Perez said he could supply the specifics for each department in a summary at a later date.

Council Member Klein stated an overall item he raised last time and in an environmental meeting was the fact that Staff said we could look forward to an approximately \$2.0 million savings in electricity and gas due to the conservation efforts we are taking. He understood why it was not reflected in the present budget yet, however believes to be consistent and believe in those numbers they need to be shown. He further stated there should be substantial savings over the presently budgeted amounts by mid-year.

Chair Burt said he would support that. He asked if Council Member Klein would support the travel expense item.

Council Member Klein said yes and that he urged Staff to produce a figure that would show travel expenses Citywide. He suggested this as an area where an across the board percentage reduction may be appropriate citing the 10 to 20 percent range.

Chair Burt agreed and suggested that it be made a placeholder in the Parking Lot with no attached dollar amount at present.

Council Member Klein agreed and added that the combination of travel and energy cost savings could be around \$1.0 million.

Vice Mayor Morton asked if that \$1.0 million reduction would be added to the bridging number or be a reduction in the line item expense to the General Fund.

Council Member Klein stated he would like to see it as a line item reduction in the General Fund.

Mr. Keene explained there are two options. One would be to identify the figure and track it during the course of the year. The other option would be to estimate a figure confidently enough to enter it as a credit in the budget and track that during the course of the year.

Dr. Stanley Mayerson stated the current relationship with Stanford is terrible. He suggested a better relationship and a partnership with Stanford could result in lucrative contracts for the City of Palo Alto.

Budget Manager, Sharon Bozman, began by stating that the presentation would cover budgets for Police, Fire, Library, Planning and Community Environment, and Administrative Services. She explained there were two reclassification requests received after the proposed budget was prepared resulting in two positions in the Police Department being reclassified as shown on the revised organization chart put at places for this meeting. She reviewed the list of citywide changes that were discussed previously including Allocated Changes, Personal Benefit Cost Increases, and General Fund Retiree Medical Contributions. Beginning with the Police Department there are a number of net revenue decreases due to volume changes from the economic downturn. These included: parking citations down \$180,000; traffic fines and penalties \$200,000; false alarm fees revenue \$50,000; applicant fees \$10,000; state grant revenue \$13,000, which is just a budget clean up item. It was hoped that we could negotiate some special event fees with Stanford and that did not happen. A few increases, administrative citation revenue, misdemeanor fine increase, increase in Stanford revenue for the communications increases, animal services for spay and neuter fees, and then alarm permit fees just due to volume. For the Police Department's Citywide changes the personnel benefit costs increased in fiscal year 2010 by \$835,000. This number is driven by the fact that in 2009 not all of the General Fund Benefits were allocated out and the ISF Fund absorbed part of that and also because in 2009 Palo Alto Police Officers Association (PAPOA) had a nine percent decrease in their salaries because the City started paying their PERS employee cost again. They took a nine percent decrease to offset that. So this year their benefits costs resumed. In 2011 benefit increases will be \$551,000. The Allocated Charges, cost plan charges, decreased \$75,000. PAPOA has a negotiated salary increase built into the base of \$467,000 made up of a three and one-half percent cost of living increasing

and a two and one-half percent market adjustment. There is an increase for a lateral incentive program that is part of the PAPOA contract of \$15,000 and there are three officers eligible for this. Increase in radio infrastructure maintenance of \$13,000. Increase for fingerprint services of \$9,000. Increase for County of Santa Clara Crime Lab Services of \$8,000. Service level reductions that are already built into the proposed budget include the elimination of a half time Volunteer Coordinator position at \$52,000. This will eliminate the marketing, recruitment and training of new Police Department volunteers so the number of volunteers and hours donated may be reduced. There is a decrease in expenses related to the Police Volunteer Program of \$5,000. Elimination of one FTE Police Records Specialist for \$83,000 and this could impact the ability of the Records Department to be open to the public. It could be reduced by one day a week or the equivalent hours over the entire week. There is the elimination of one of two FTE Police Officers for the School Resource Program. This would eliminate proactive services in the middle school and reduce the time dedicated to high schools. This is \$146,000 that is already built into the budget. The second tier reductions that have been recommended but are not in the budget are the elimination of the Traffic Team which results in a reduction of revenue of \$100,000 but would also reduce expenses by \$626,000. This would also include the elimination of four FTE. The elimination of the remaining School Resource Officer would eliminate the entire program. This results in an expense reduction of \$162,000 and one FTE. Reducing the Crime Analysis Program results in an expense reduction of \$94,000 and the elimination of one FTE. Reduce the community policing outreach program, which would reduce expense by \$83,000 and the elimination of one FTE.

Council Member Schmid asked for clarification on benefit costs.

Ms. Bozman said that in 2009 one of the temporary bridge solutions to balance the 2009 budget the City did not allocate \$2.5 million of General Fund benefits. That was done across all departments. In 2010 the City resumed allocating the benefits at the full level. She explained benefits are allocated to the departments based on their salary budgets. In 2009 PAPOA took a nine percent salary decrease that reduced their benefit allocation. So for this year they were back up due to increases.

Council Member Schmid asked if that was the \$835,000 figure.

Ms. Bozman said those two pieces add up to the \$835,000.

Council Member Schmid asked if that is why salaries and benefits declined between the 2008 actuals and the 2009 adjusted budget.

Ms. Bozman stated that was correct.

Council Member Schmid reiterated that with a decline in total full time positions there is a substantial increase in salaries and benefits in the 2010 budget.

Ms. Bozman stated that was correct and explained there was a negotiated salary increase for PAPOA of six percent and an increase in benefits due to the reduction the previous year.

Council Member Klein asked how long Mr. Burns had been with the department.

Interim Police Mr., Dennis Burns, stated he has been with the department 27 years.

Council Member Klein asked for confirmation that over those years there had been discussion of restructuring the department.

Mr.Mr. Burns confirmed that was correct. He added that the most recent time was in the mid 1990s when an external auditor did a study. He said they made a number of recommendations many of which were implemented.

Council Member Klein asked if it was time to do that again.

Mr.Mr. Burns said that since the year 2002-2003 including these cuts would be a total reduction of 16 positions and they review internally from time to time and identify inefficiencies. He stated he felt there was not much more that can be done. He suggested that there are other considerations such as the fact the dispatch center is the third busiest dispatch center in the county behind the City of San Jose. They dispatch not just Police and Fire but Public Works, Utilities, and Stanford. He said Palo Alto is one of the few cities that nearly doubles in size during the daytime. Palo Alto has one of the most comprehensive parking programs in San Mateo or Santa Clara County only second behind the City of San Jose. The association and proximity to Stanford creates a lot of issues, traffic matters, special event issues, and dignitary protection that require resources. He explained that programs and services have increased using existing personnel while total personnel levels have been reduced. He said the mobile audio/video system in the patrol cars required taking a dispatcher out of Communications to manage that system full time. A patrol officer was transferred to take the position of Public Information Officer to ensure that the three newspapers get the most current information. He said a Police Records Specialist was moved from the front desk to manage the demographic data collection. He said they have

begun working with the independent police auditor, which is a tremendous amount of work. Over the years the Police Department has become more involved in the emergency preparedness and Homeland Land Security arena. There are a variety of citywide efforts as well as regional efforts. He explained they take a leadership role in a number of inter-operability communication issues. He wrapped up by reiterating that the Police Department continually looks for ways to do things more efficiently throughout the operation. He explained that things have become much more complex since the 1990s.

Council Member Klein said restructuring doesn't always mean personnel. He expressed his interest in having fresh eyes review the operation. He asked Staff to speak to the ongoing regional efforts and if there was any sharing of resources or areas of cooperation that might produce savings.

Mr.Mr. Burns said the City Manager asked him to explore regionalizing the communication efforts within the cities of Palo Alto, Mountain View, and Los Altos. There has been some exploration of these three cities all operating on the CAD system to allow intercommunication. It was found that there was other technology required to accomplish this, as well as additional space would be required in each of the three agencies, and that was not available. The last piece of this would be to synchronize policies and procedures. He said there would be further investigation of this. He explained that currently there is a regional SWAT Team with members from all three jurisdictions to reduce the amount of officers needed from each. He thought looking into regionalizing traffic efforts would be feasible. He also expressed interest in looking into regionalizing investigators as well.

Council Member Klein asked for information regarding the potential elimination of the Traffic Team under Tier 2.

Mr.Mr. Burns said that would amount to four positions consisting of a Police Sergeant who supervises the team and three traffic officers. He said in a lot of ways they are an extension of the School Resource Program because one of their primary focuses is to be visible and present at the schools. He explained it would reduce the police effectiveness in and around the schools where now there is a daily presence.

Council Member Klein asked if reducing it by half would be a better option.

Mr.Mr. Burns said it would essentially reduce their effectiveness by half. He explained that would allow the police to have a presence at some schools but would be much less efficient than the current services. He explained the Traffic Team is involved with a number of programs, grants, and initiatives.

They include Operation Safe Passage, Avoid The 13, Red Light Running Campaigns, Click It or Ticket, and many more. He said they are involved in the City School Liaison meetings.

Council Member Klein said the proposed elimination of the Volunteer Coordinator half time position may end up costing money rather than saving money.

Mr. Burns said the volunteers account for approximately 2,000 hours every year of donated service. A lot of the tasks that they do probably would not get done with this elimination. He said this is the ultimate community engagement into the Police Department. There are about 25 volunteers that perform a whole range of tasks and activities and are very much a part of the organization. He felt the department would not be as effective without that position. He said that a few years ago it had been a full time position and was reduced to half time.

Council Member Schmid said the revenue projection on page 3 for the Traffic Team this year declines by \$380,000 in fines, citations, and penalties and the workload of the Traffic Team is already half of what it has traditionally been. He asked for confirmation of this interpretation of the information.

Mr. Burns said there is an ongoing trend of decreased traffic citations being issued due to vacancies, training, and worker's compensation leave

Council Member Schmid asked for confirmation that the reduction was not related directly to the Traffic Team.

Mr. Burns asked to defer this question to Captain Venable.

Police Captain, Mark Venable asked if the question pertained to both the \$180,000 and the \$200,000 revenue adjustment.

Council Member Schmid confirmed he was interested in the combination of the two.

Mr. Venable explained the first one had to do with parking citation revenue, which is primarily from the Community Service Officers that enforce parking. There is a vacancy that should be filled very soon. He explained the second one had to do with traffic fines meaning the tickets that are written. There are some reasons for that adjustment including as the Chief said just getting to full staffing and the officers out there working. Some of other reasons for the reduction are the state and county take part of revenue from each of the citations that are written. He said that since community engagement and

working at the schools has been a priority this year time has been lost in actually working some of the corridors for speed, red light violations, and other hazardous violations. He stated the total represents what we realistically think will be the numbers for the upcoming fiscal year.

Vice Mayor Morton said when budget was presented that special event's revenue was down \$73,000 and the comment was made that it was because Stanford doesn't pay for the cost of Palo Alto Police. He asked if Stanford required a permit and if the permits require that the applicant covers costs. He stated that other members of the community would not be able to refuse to cover these costs. He asked if Stanford knew they were underpaying for the policing required for games and events.

Mr. Burns said that contract expired and negotiations for a new one are about to begin. He said they need to set meetings and update the costs for the new contract.

Vice Mayor Morton asked if during the expired period they were still obligated for the services.

Mr. Burns said that was the case.

Vice Mayor Morton said that should encourage the City to get the contract in place. He asked what the combined effect of eliminating the School Resource Officer and the Traffic Team would be in Chief Burns' opinion. He was looking for the scope of the impacts of this change.

Mr. Burns said the School Resource Officer Program is proactive and builds better relationships with students, teachers, administrators, and parents. He said this presence allows officers to identify problems early and keep them from escalating.

Vice Mayor Morton asked if the program is used in elementary through high schools.

Mr. Burns said it is in the junior high and high schools. He explained the Traffic Team spends a lot of time at the schools. They also supplement patrol allowing more flexibility in the daily staffing especially when significant incidents occur or special events occur. He explained the department would be less proactive, write fewer tickets, and have a reduced emphasis on traffic with these reductions in personnel.

Vice Mayor Morton asked what the impact would be if the budget for those two items was cut in half such that instead of being \$700,000 it was

\$350,000 or \$375,000. He asked if there would be enough left of the program to be effective.

Mr. Burns stated it certainly would not be as effective and they would not get as much done. He felt that the citizens would not be as aware of what the department does as they are today. He said they reviewed the Traffic Team if a couple of positions were lost and felt that the supervisor-employee ratio should be reviewed with that. He said they would not be as effective and there would be a reduced level of service.

Vice Mayor Morton stated that the proposal to eliminate the Traffic Team equated to four full time equivalents. He asked if he understood correctly that they need at least a couple of Traffic Team members and that a school resource program was important enough to the community that cutting that is not recommended. He asked for a suggestion that would be less painful to the department.

Mr. Burns said that it would not be ideal but feels he doesn't have a lot of choice in this situation.

Vice Mayor Morton agreed. He stated that there is always a concern about overtime and the press does often emphasize the fact that in Palo Alto there is often overtime. He asked for suggestions in overtime control. He stated the proposed second tier reductions are roughly \$900,000. He asked if part of the Traffic Team and School Resource Officer were left and looked for a way to offset the expense with overtime control how that could be managed.

Mr. Burns said that most of the overtime comes from patrol and in the last five years the patrol staffing plan was switched from a 4/10 plan to a 4/11 plan, which effectively reduced overtime by 20 percent.

Vice Mayor Morton asked for the definitions of 4/10 and 4/11.

Mr. Burns said that old plan was four days at ten hours a day.

Vice Mayor Morton said he understood now the plan is four days at 11 hours per day.

Mr. Burns said that was correct, four days with 11-hour shifts, which is a more efficient means of managing or deploying people. So that 20 percent in 2009 dollars equates to \$500,000 in reduction. He said the other thing that was done was centralizing the scheduling function. That person's primary job is to make sure there are enough people on the street and to make sure that we are using overtime efficiently. This allows even greater

continuity. He said they have been more aggressive in recruiting for new applicants and are now closer to being fully staffed. He also said the vast majority of the overtime is created by vacancies, workers comp, as well as new officers in training. Last year was unusual with a series of robberies, increased daytime residential burglaries, an attempted murder, and completed murder. Due to those things we thought it was appropriate to expend resources including overtime to address those issues. He said that they do focus very hard on managing overtime and keeping it down as much as possible.

Vice Mayor Morton commented that the two largest unions in terms of dollars, not in terms of employees, still have a relatively modest contribution to reducing the \$10.0 million deficit. He said he was looking for ways to minimize that deficit. He said some of his colleagues were considering not allowing deferrals of expenses and actually taking the adjustments in the current year. He stated that in his view about 50 percent of the second tier ought to become first tier adjustments particularly if there is a decision not to go forward with the bridging that the City Manager has offered.

Chair Burt said he was interested in some of the regional cooperation concepts that Chief Burns had identified in response to Council Member Klein's questions. He said that small cities having individual staff might have good opportunity for sharing resources while maintaining separate department identities and fundamentally different departments. He encouraged staff to look at those kinds of things and there may be mitigations to those alternatives under this tier two and suggested there be follow up to this notion. He said the concepts mentioned seemed like efficiency gains not so much with an internal reorganization but with greater collaboration among communities. He asked for more information on the net impact of the Volunteer Coordinator position. He asked for the cost savings to the department from the efforts of those volunteers. In the net would there be a greater cost to provide the same services without a half-time Volunteer Coordinator maintaining an auxiliary staff of volunteers.

Mr. Burns said that some of the things that the current volunteers do allows the department to be more efficient. He said although these things may not be necessities they are not just niceties either. They handle things that either officers would have to do or simply would no longer get done. He said to attach a salary to a volunteer and apply the amount of hours he would estimate a ballpark figure of between \$60,000 and \$80,000 a year.

Chair Burt asked if that figure was collectively or individually.

Mr. Burns said that was collectively. They donate between 2,000 and 2,100 hours every year, and using a rough estimate of \$30.00 an hour it is about \$60,000. He said a lot of the tasks that they do might just not get done without them. There is a core of about 25 volunteers who are very capable and perform a number of tasks. He said no new volunteers would be introduced to the department or benefit from the same entry into the organization.

Chair Burt asked if not having this position would result in a decline in new people coming to replace current people leaving but there would still be current volunteers donating hours.

Mr. Burns said that is correct.

Chair Burt stated that a lot of the tier two items are difficult to quantify. The School Resource Officer function sounds like a prevention role and therefore a cost avoidance. He stated that it would be difficult to quantify the impact of losing that position. However he asked if standardized studies have been done elsewhere in the state or the country that might shed some light on that impact. He then asked if there were any subjective judgments on the net impact of that coordinator aside from it being a good and valuable thing to do. He asked for information on cost benefits in regard to this position.

Mr. Burns said he did not have figures. He explained that if the schools were thought of as a neighborhood or a beat it is almost as though that officer is assigned to that neighborhood or that beat. They create the appropriate relationships to become aware of and understand the environment in order to intervene before anything truly becomes an incident. He said most other cities have school resource officers in their schools. He said he was not aware of any studies that quantified in dollars and cents the benefits of the program. He suggested that they become partners with the schools, working with them while things are at a lower level, and hopefully resolve issues using education and outreach to keep anything from escalating.

Chair Burt suggested that this sort of function might be something the State Police Chiefs Association may want to take on. He stated that no small city would be capable of having good information on this, yet it is valuable information. He understood that no financial information could be brought back in the short-term.

Mr. Burns said he could contact the State Police Chiefs Association requesting information regarding how many cities have school resource officer programs, the ratio of officers to schools, if they can quantify that at all, and if they are doing anything that Palo Alto is not doing.

Chair Burt said that would be good information to have at the end when the tier two parking list is reviewed. He asked for more explanation of the Crime Analysis Program and the Community Policing Outreach Program including what functions are performed there and what functions would no longer be done if that position were eliminated.

Mr. Burns said there are three types of crime analysis. There are more administrative functions doing statistics for reports and City Council. There is tactical crime analysis used for the officers to make patrolling decisions and identify crime trends. The third is strategic to make decisions in terms of staffing years in advance and how crime trends are moving. The fourth one is the one that is done here, demographic data collection, as part of the outreach and civic engagement. He said the department would no longer be able to collect, analyze, and report that data if that position went away.

Chair Burt asked for clarification about whether that position was entirely for the demographic data collection or if that was just one thing that would be lost with the position.

Mr. Burns said it is almost entirely for that purpose. He explained the Community Policing Outreach Program was initially part of a division, which was called Community Crime Prevention a number of years ago. There were 13 positions and is now down to one. It is essentially the department's outreach position and does a variety of things. He said the most notable and the one civic activity they are engaged in is coordinating the Citizen's Police Academy. There are three basic Citizen's Police Academies a year, which are eight sessions long. There are some intermediate citizen academy classes that typically have between 16 and 25 residents participating. Some residents from neighboring jurisdictions participate as well. They learn a variety of things about the police department policies and procedures. He said a number of these participants later become volunteers. He said there are also some limited neighborhood watch meetings done in the community for neighborhood groups.

Council Member Schmid wanted a quick follow-up on the crime analysis program types. He asked if the first three types of analysis would not be affected by that particular position.

Mr. Burns said that was correct. The fourth one is the one that would be deleted, the demographic data collection.

Vice Mayor Morton explained his view that people on the front line are best suited to make the decisions of where cuts should happen. He stated that

between benefit increases and salary increases the budget goes up \$1.3 million. The Finance Committee or the Council as a whole is looking to save or to cut \$500,000. He asked for suggestions on the best way to accomplish this citing the notions of parking half of the tier two or of holding the budget over until the final night and leave it to the City Manager and Chief Burns to identify what is eliminated.

Mr. Keene said there are some different strategies for trying to balance the budget. He explained the potential to balance the budget rests with the identified first tier cuts of \$2.8 million provided by the Police Department and the employee savings fees. He said if the Police Department had a zero percent pay increase in fiscal year 2010 rather than the six percent it would save about \$800,000 with the added benefit cost. He said even if that occurs that is not all that is needed. He said this could potentially work without the second tier cuts. The question is if the Council does want to pass on the bridging options and try to fix the problem all in this year then some of the second tier cuts would be needed. He suggested the Committee put in some plug numbers just to keep track as things are discussed. He stated that it will be difficult to keep track of the numbers until all of the items have been reviewed and produce an accumulated result.

Vice Mayor Morton reiterated that Mr. Keen suggested spending some additional time looking at whether some of the scheduled contractual increases can be deferred and come back with a budget that would avoid the tier two cuts. He stated that would be his preference. He said that gives more control to the people in the field to decide cuts. He said this leads him to want to defer this until the final night and hopefully see the police budget come back with some numbers that come closer to solving the problem.

Council Member Klein said he would like to put a motion on the floor.

Sheri Furman, 3094 Greer, spoke regarding the Palo Alto Emergency Preparedness Project. She stated that although it is the position of the City that in an emergency residents are on their own. The budget notes \$11.0 million on youth services including over \$400,000 on police services, almost \$2.0 million and 12 staff members on animal services included an emergency response plan for animals, \$25.0 million on environmental sustainability, \$55.0 million on police and fire services, and for resident emergency preparedness not one dollar. PANDA is the only citizen program mentioned and that is for after an emergency happens. The Palo Alto Neighborhood Emergency Preparedness Committee has been educating and preparing residents for last five years including well over 100 block and neighborhood preparedness coordinators on funds that come primarily out of committee member pockets. She stated that the City has a responsibility to

its residents and workers to ensure their safety in a disaster. Ms. Furman said she concurred with the comments of Annette Glenkoff in a letter regarding a cohesive emergency management system. She asked that consideration be given to at least minimal funding for non-City employee preparedness efforts somewhere in the budget. She closed by asking that all City personnel be sensitive and willing to make some sacrifices when it comes to pay and benefit increases.

Herb Borock, P.O. Box 632, stated the second tier reductions include the elimination of four Traffic Team FTEs. He stated that historically there were six FTEs in the Traffic Team. He stated that historically the Traffic Team was responsible for enforcing speed limits based on engineering and speed surveys that are only good for five years. The last speed surveys he could verify were done September 26, 1995, which means they would have expired. He asked for the status of the legal use of radar on all those streets and whether it was used for a period of time when it could not be used. He stated the Traffic Team also fills in to reach minimum staffing when required. He stated that there are structural things in the budget that guarantee overtime. He said the footnote about four authorized disability positions had been removed. This results in more overtime to cover staffing shortfalls. He said a \$35.00 alarm fee was added to pay for full time Community Service Officer that was added to manage the alarm program. He said that does not pay for any of the 2,500 false alarms. He said that over time Community Service Officers were cut such that Parking Officers are now called Community Service Officers and possibly cutting the management of the alarm program was related.

Bob Moss, 4010 Orme Street, said that page 189 indicates there is going to be an increase in the average response times from seven minutes to ten minutes for urgent and from four and a half minutes to six minutes for emergencies. There is nothing that says why these increases are planned. He stated that he supported the idea of regional efficiencies not just in the Police Department but other departments as well. He stated that when cuts are being planned that increasing volunteers and volunteer hours was important. He stated that when a volunteer coordinator is employed the number of volunteer hours can be doubled. So he stated that eliminating a Volunteer Coordinator may not be the best course. He states his concerns about losing the Traffic Team and their efforts at the schools. He felt traffic around the schools would become unmanageable without their coordination. He reiterated that traffic is a major concern for residents and those conditions would become worse without the Traffic Team efforts. He stated that the cuts were not proposed based on the most effective or ineffective programs but rather on vacant position that will be eliminated.

**MOTION:** Council Member Klein moved, seconded by Chair Burt, that the Finance Committee recommend to the City Council to tentatively approve the Police Department Budget with the following changes: 1) Bring back the volunteer coordinator, 2) Eliminate one member of the traffic team, and 3) Place an additional member from the traffic team into tier 2.

Council Member Klein said the net of those numbers is a reduction of \$80,000 if you eliminate one member of the Traffic Team and add back the Volunteer Coordinator, and \$211,000 with the reduction of the second member of the Traffic Team. He felt that the Committee needed to go through the process and make decisions along the way. If there are successful negotiations that reduce personnel pay then things can be rescinded. He further stated that the Police and Fire were two separate unions with different situations that should be carefully analyzed. He complimented the Chief on his presentation and the information he provided.

Chair Burt agreed with Council Member Klein's statement, and stated there are no easy choices here. He requested written responses to issues raised by members of the public. The first is the explanation of response time increases, second is how the alarm program funding oversight has evolved, and third the frequency of our traffic and speed study and whether we are current and whether the use of radar is consistent with that requirement.

Vice Mayor Morton did not support the motion but would support further adjustments to be determined by the City Manager and the Police Chief that equate to \$500,000. He suggested putting this in the Parking Lot as \$500,000 in savings to be determined by the Police Chief and the City Manager or leave the budget open and approve it on the last night.

Council Member Schmid asked for clarification on the changes and the net impact of the changes in the Motion.

Council Member Klein explained the three changes he proposed to the budget submitted by the City Manager were to restore the position of the Volunteer Coordinator, to expand the number of reductions by one member of the Traffic Team, and to put into the Parking Lot the reduction of a second member of the Traffic Team. The net effect of adding one Volunteer Coordinator and subtracting one member of the Traffic Team is a savings of \$80,000, with the possibility of saving \$211,000 by subtracting the second member of the Traffic Team.

Mr. Keene said if this were to pass it would be reflected in the chart as a reduction in the overall budget of \$80,000 and listed in the Parking Lot as the reduction of the second Traffic Officer at approximately \$130,000.

Council Member Schmid commented that the impact on the total budget target including these changes is an increase of \$1.1 million when overall we are looking for a decrease of \$600,000. This puts the burden on other departments to take much bigger reductions. He said he would support Council Member Morton's notion of putting this aside until the other department budgets are reviewed.

Mr. Keene stated his concern that if the Committee were to defer decisions that at the end of this process there would not be enough specificity. He understands that the Committee will need to revisit some things however he suggested having some specifics decided as the reviews are done by department.

Chair Burt said that he understood Mr. Keene's concern. He stated that the procedure adopted by the Committee that support of two Council Members can place items into the Parking Lot and there have been two Council Members supporting putting an aggregate reduction of \$500,000 below the initially proposed reduction into the Parking Lot. He asked whether the feasibility of combining positions worked. He suggested the reduction of half of an FTE in each of the School Resource Officer, Crime Analysis Program, and Community Policing Outreach Program totaling a one and a half FTE reduction being placed in the Parking Lot. He asked if a second member supported this notion.

Chair Burt stated that in the procedures that have been adopted there can be a Motion to approve or not approve the budget as placed on the floor. He said that with the request of two members of the Committee there can be other issues, specifically or not specifically identified, placed in the Parking Lot for final consideration.

Council Member Klein stated that it is irresponsible for the Committee to say to the City Manager go find \$500,000 because you are on the front line. He said that ignores the Charter of the Committee. He stated his view that it is the City Manager's job to propose and it is this Council's obligation to make informed decisions as to those proposals or introduce other proposals. He felt the Committee should not be a rubber stamp of the Manager's proposals nor should the Committee give direction to go find the money either. He reiterated that there has been progress with the cost reductions expected in energy costs. He stated that he wanted to ask Staff to take a careful look at the suggestions in Annette Glenkoff's letter. He felt it was well done with good thoughts.

Council Member Schmid asked for clarification of the process being used. He wanted to understand the value of tentative approval of each budget as it is reviewed. He suggested that rather than vote pro forma on some budget that other department budgets be reviewed and then make an assessment across departments after seeing that information.

Mr. Keene said that in his view assuming there is agreement on the base budget proposed by City Manager, with the exception of adding the Volunteer Coordinator back in, the Committee could adopt that. He stated that by adopting that it takes everything else in that budget off the table and focuses only on margin figures. He explained this allows Staff to track the areas of agreement and the areas of continuing debate. He stated that at any time the Committee could go back and revisit any item.

Vice Mayor Morton said if the Motion that is on the table fails then he would propose an Amendment which in effect would say we have a \$31 million budget so in order to move this along I would propose that we approve the budget subject to an additional reduction of \$500,000 in cost to be determined by the people most affected by this budget. He is not prepared to approve a budget that only reduces it by \$80,000 to me that seems to be insignificant, but he would introduce a Motion to tentatively approve the police budget at \$30,292,000 instead of \$30,792,000.

**MOTION FAILED:** 2-2 Morton, Schmid no

Mr. Keene asked if that would go to the Parking Lot automatically.

Chair Burt confirmed that it would. He proposed the reduction from a full time to half time positions in the School Resource Officer, the Crime Analysis Program, and the Community Policing Outreach Program. He confirmed that this is supported by Council Member Klein.

Council Member Schmid asked what that would add up to.

Chair Burt said it would be about \$170,000 additional identified cuts and that would be about a total of \$380,000 unidentified.

Council Member Schmid asked to hear the positions effected.

Chair Burt reiterated it is the reduction from a full time to half time positions in the School Resource Officer, the Crime Analysis Program, and the Community Policing Outreach Program.

Council Member Schmid stated that everything in the second tier other than two of the Traffic Team would be going to the Parking Lot.

Chair Burt said no, the difference would be rather than eliminating those positions they would be reduced to half time.

Council Member Schmid confirmed it would be half.

Mr. Keene said his calculations showed that two traffic cops, the Volunteer Coordinator, and a little bit of revenue added back in totals \$482,000.

**MOTION:** Vice Mayor Morton moved, seconded by Council Member Schmid to tentatively approve the Police Budget at the level of \$30,292,000 down from \$30,792,000.

Council Member Schmid asked for clarification of the differences between the two motions.

Chair Burt said that one is specific and the other is not.

Vice Mayor Morton said the reason his motion is not specific is he doesn't think it is our role to determine what the Police Chief most needs in his department.

Mr. Keene asked to make a suggestion. He explained that it is his role to propose and the Council's to adopt that still does not preclude the City Manager from coming back and discussing with the Council. He stated that if the Motion with the specifics was passed as the process reached the end and the Chief. or City Manager felt there was a better approach they would bring that back to the Council for consideration.

Vice Mayor Morton said if the maker of the original Motion is willing to add that to the Motion, then he would certainly accept that.

Chair Burt asked what Motion he was referring to.

Vice Mayor Morton said he was referring to the Motion that was defeated. He would be willing to look at those as recommendations as the City Manager suggested.

Council Member Klein said that what the City Manager explained is always the case and does not require a Motion. He explained that they have gone through and done the review of what is critical and what can be eliminated.

Chair Burt added a clarification on the process. He felt different items were being approached with different processes. He explained that as the budget items have been reviewed different Council Members have had specific comments and specific recommendations on specific budget items. He expects that will continue throughout the entire budget process. He stated that to take a different approach to this budget would be very inconsistent. He said that he felt it was necessary to conform to the originally agreed upon approach throughout the process. He explained that all of these approvals are preliminary approvals by agreement. He reiterated that none of them are binding to the end.

**MOTION FAILED:** 2-2, Burt, Klein no

Mr. Keene clarified the Motion was to place the item in the Parking Lot.

Chair Burt stated yes, there was no action to be taken. He noted the Library and Planning and Community Environment Directors were not available next week.

Mr. Keene confirmed that was correct

Council Member Klein said he would like to hear from the President of the Fire Fighter Union this evening.

Chair Burt said we can open public comment on one item and delay the further discussion of the item until a later point of the agenda.

Mr. Keene agreed that would work.

Chair Burt offered to open public comment for Item Number 3 and postpone the balance of Item No. 3 until after Items No. 4 and 5. He asked for a motion to change the agenda.

**MOTION:** Council Member Klein moved, seconded Vice Mayor Morton to hear public comment on Item No. 3 and move Item No. 4 and Item No. 5 forward to become Item No.'s 2A and 2B.

**MOTION PASSED:** 4-0

Fire Fighters Union President, Tony Spitaleri, asked if there would be an opportunity to have public comment again if the Item No. 3 is heard later on.

Chair Burt confirmed there would not and offered to hold public comment until the Fire Department budget is heard.

Mr. Spitaleri said there were three things he wanted to cover, the Fire Department budget and its revenue, the Basic Life Support Program, and a vote their membership took a few days ago. He said over the years the Palo Alto Fire Department has had many achievements with no cost increase and implementation of a cost recovery program. He said the paramedic program instituted in Palo Alto was emulated around the region. He stated all services are performed with a budget of \$14 million not the \$24 million shown. He said they created the PANDA program to train thousands of residents at no cost to the City. He explained the Basic Life Support Program increased revenues to the department and increased the paramedic services availability. He explained the budget figures showing they generate 41 percent of the revenue are far above and beyond the level of any other fire departments in the area. He stated that the Fire Department had been working with the City Manager to help the City reduce its budget. He stated that a wage deferral was presented to the membership that represents about \$700,000. He stated that he has the authorization to continue to work with the City Manager to realize those savings. He reiterated how important the BLS program is to response times and the operation of the paramedic services.

Herb Borock, P.O. Box 632, said the Committee recently considered the audit of the ambulance billing and revenue collection. At that time he expressed concern that the Advanced Life Support and Basic Life Support programs were combined so there was no way to determine the effectiveness of each program individually. He stated that the revenue generated by each program was also difficult to separate due to the interdependency. He questioned the reason for eliminating the BLS program that produced no financial savings.

#### 2A. (Former No. 4) Library Department Budget

Budget Manager, Sharon Bozman, explained revenue for the Library Department is decreasing \$4,000 overall. The Link+ program is \$19,000 however this is the last year for this pilot program. There are some increases for fines and miscellaneous revenue and a decrease in local agency funding from the Friends of the Library. Citywide changes for the library include personnel benefit costs increased \$69,000 in 2010 and \$145,000 in 2011. Allocated charges decrease \$11,000 in 2010 and increase \$12,000 in 2011. For expenses there is a reclassification of Library Programs Coordinator to a Business Analyst for \$32,000. There is an increase in temporary salaries for the Link+ program for a one-time only expense of

\$10,000. There is a decrease in temporary salaries and an offsetting increase in temporary salaries of \$55,000 in 2010 and 2011. This coordinates with the closure of the College Terrace Library for construction. It is four positions and an equivalent 1.14 FTE. There is an increase in delivery charges for the Link+ program of \$16,000. The increase for public computer printing supplies is \$6,000 and an increase in contract services for collection agency of \$8,000. The Library Department Service Level Reductions that are built into the budget are the elimination of a halftime Senior Librarian for \$53,000, and the checkout of back issues of magazines will be discontinued as the impact for this reduction. The elimination of one FTE Library Coordinator for \$117,000, this will reduce the collaboration with school districts and the delivery of programs to students at the schools. A reduction of hours for Library Clerks, Pages, and Librarians is a reduction of \$37,000. This is six positions with an equivalent .93 FTE. There is a reduction in library collections of \$103,000, and the number of items added to the library collections will decrease.

Council Member Klein asked for an explanation of the hours being increased for Mitchell Library to equal as Main.

Library Director, Diane Jennings, replied that Mitchell Park is the busiest library and is gearing up for a major increase in the building. Mitchell Park has been understaffed relative to Main and this year Staff has been moved around in order to accommodate the change and meets the needs.

Council Member Klein asked if there was a figure for the cost to keep Mitchell open for an additional hour per week.

Ms. Jennings stated that cost has not been calculated recently and volunteered to bring back that information. She explained that patterns of use change from year to year and staff is routinely shifted to accommodate those new requirements.

Council Member Klein stated he would like to see that information. He explained that in other cities hours of library operation are often cut during hard times. He wanted to know if this actually was a substantial savings.

Ms. Jennings explained that would vary across the branches due to the fact that some libraries have less staff.

Council Member Klein stated that he would like to see the figures for Mitchell, Main, and any other comparable branches.

Council Member Schmid said one service reduction item that caught his attention was the Temporary Clerks, Pages, and Librarians. He stated that seemed to be an extremely cost efficient method of handling books and materials. He asked if it was cost efficient to be dropping what might be the cheapest source of labor as well as it builds a cadre of support for libraries.

Ms. Jennings said he was correct that it is cost effective from the perspective that hourly staff is less expensive than regular staff due to the very low level of benefits given to hourly staff. The hourly staff is now covered by SEIU contracts that require that hourly positions be laid off or eliminated before laying off or eliminating SEIU regular positions.

Council Member Schmid asked if there was some long-term planning or negotiating with the SEIU about staffing per square foot as more space will open up as staff is reduced.

Ms. Jennings stated that a library consultant was used to evaluate what additional staffing would be needed for the additional square footage when plans were being developed for the construction at Mitchell Park. The advice was one to three additional staff persons would be needed at Mitchell Park primarily because it is a two-story building. She explained that as part of the Library Technology Plan they are working toward introducing a system called Automated Materials Handling in conjunction with the reopening of Mitchell Park. This will automate processes such as book check-in, which will help keep staff levels lower and possibly not add any additional staff. There is a plan to have a temporary Main Library after the closure of the current Main Library until the opening of the upgraded Mitchell Park Library. Staff from Main Library will be shifted to Mitchell instead of adding new staff. With the new technology in place it will be possible to really gauge the actual cost saving of these changes. All the branches have self-checkout machines which has been hugely successful both for the public and for managing staff levels.

Vice Mayor Morton stated that Palo Alto has the highest usage and the highest number of hours in library use. He stated that while he respects the automation he prefers the human interaction with librarians. He complimented Ms. Jennings on what has been accomplished with restrained amounts of dollars.

Chair Burt stated that on page 157 was shown Annual Hours of Service per 1,000 Residents. He asked if that included all of the Palo Alto branches and counts them equally against the likes of a Main Library in Sunnyvale.

Ms. Jennings stated that particular chart shows all the hours of service across all those communities. So it does total all the hours of all the branches. Primarily due to the fact that Palo Alto has five branches puts it at the top of that chart.

Chair Burt suggested the chart does not serve a meaningful purpose and he recommended it not be included. Comparing an hour of service for the College Terrace Library with one or two staff to some other city with one central library is not an apples to oranges comparison. He stated that in past Library budget discussions there have been increases in the automated checkout system, there have been increases in the volunteer staffing and contribution program, but those cost savings were largely used up on expanded programs like the Hold System that was adopted. He said the Hold System is a very valuable service to many members of the community. However, there is no discussion included regarding reductions in the Hold System as there is for the library collections. He stated that members of the community may not be aware of the cost of Hold, which is quite high. He explained that recent surveys of the community showed very high interest in increased collections. He stated his desire to have as a service level reduction alternative contraction of the Hold System. He asked Ms. Jennings to point out the costs pertaining to Hold in the budget.

Ms. Jennings stated that Hold is not itemized in the budget. She explained that the Hold System and Collection are intertwined. She stated that the Hold System is highly valued by the community and would be viewed as a major service reduction if it were changed significantly. This system is especially valuable for the smaller branches in a multi-branch system. She explained that is critical to making a multi-branch system efficient and eliminating the Hold System would significantly reduce the effectiveness of the entire library system.

Chair Burt suggested reviewing this issue after public comments.

Bob Moss, 4010 Orme Street, said he agreed with Council Member Schmid that the small savings from reducing the temporaries does not balance with the service they provide. He stated that when Mitchell Park is expanded some of those people may be very useful in that facility. Mr. Moss stated there was a news report from Los Angeles that the downturn in the economy has resulted in more people using libraries, increasing demand for library hours and services. He suggested that cutting library hours and services may not be a good idea. He expressed his view that the Hold System is a very important service.

Herb Borock, P.O. Box 632, stated that the planned building program for the Mitchell Park Library and the changes in the middle libraries has not been compared to the plans to reduce staff, services, and expenses.

**MOTION:** Council Member Klein moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council to tentatively approve the Library Department Budget.

Council Member Klein stated that he has been very involved with the library system over the past year including putting the bond measure on the ballot and Measure N Campaign. He stated that the staffing question is receiving a lot of attention and feels confident that the libraries are being run very efficiently.

Chair Burt supported the Motion. He then suggested adding a request for Staff to return with a cost transparency on the comparative merits of the costs of Hold including the expansion in recent years weighed against Collections be added to the Parking Lot. He further suggested that possibly charging nominal fees associated with Hold may make the program more efficient.

**MOTION PASSED: 4-0**

## 2B. (Former No. 5) Planning & Community Environment Department Budget

Budget Manager, Sharon Bozman, stated that there have been quite a few revenue reductions. The majority of which are related to service level reductions due to the economic downturn. Notable exceptions to that include the Public Safety Impact Fee of \$300,000, which is being delayed until 2010. There is also an increase in the Green Building Program Fee for \$50,000. Citywide changes include an allocated charges increase of \$29,000. Temporary salaries increased \$63,000 as a one-time charge. There is \$124,000 for their share, a half FTE, of the Deputy City Manager cost. The Green Building Program has an increase in expense of \$12,000 for training and materials. Destination Palo Alto has an increase of \$240,000 for this last year of the program. Service level reductions include the elimination of four FTE in the Building Division for \$465,000. These position reductions are mitigated by the reduction in service demand due to the economic downturn. There is a decrease in temporary salaries at the Building Counter for \$45,000, a decrease in non-salary expense of \$261,000, and the extension of the Comprehensive Plan by one year saves \$75,000. Second tier reductions that are not included in the budget are the elimination of the City Shuttle Service for \$256,000.

City Manager, Mr. James Keene, reminded the Committee that the Deputy City Manager position cost that is being shared between Planning and the Manager's Office and the elimination of the Assistant Planning Director are part of this proposal. The budget as proposed still includes the Assistant Planning Director position and the full funding for that, which is approximately \$150,000. He recommended eliminating that position for the cost savings of \$150,000.

Council Member Klein asked how much the department is spending on travel.

Administrator for Planning & Community Environment, Mary Figone, stated that the department spends \$3,500 on travel for economic development related areas.

Council Member Klein asked about the cost of continuing education.

Interim Director of Planning and Community Environment, Curtis Williams, asked Ms. Figone to identify where the continuing education costs were listed.

Ms. Figone stated that was under Instruction and Training, which is additional to the \$3,500 previously mentioned.

Council Member Klein asked for a more complete breakout of these expenses, specifically showing the in-house versus travel expenses involved.

Ms. Figone stated she would verify and provide that information.

Mr. Williams stated the in-house training is not reflected in the budget as a cost. He noted the offsite trainings for the Building Department for certification meetings are numerous.

Council Member Klein asked if there was potential for reducing this cost.

Mr. Williams stated that there was a mid-year reduction.

Council Member Klein stated that Staff could come back with the figures.

Ms. Figone stated that the Instruction and Training budget was reduced for the Building Counter Services by approximately \$500 in the proposed budget. The overall training budget was \$30,000. She went on to say the overall budget was \$48,619 in the proposed budget for various sections not

just the Development Center. It also includes Planning and Transportation and Administration.

Council Member Klein requested the detailed information be provided to the Committee in a follow up e-mail.

Mr. Williams stated that they will follow up with that information including the cuts that have been made to date.

Council Member Klein asked how the size of the Planning Department compares to other communities, recognizing there are always differences is to what is included.

Council Member Schmid asked about an expense item regarding Destination Palo Alto. Understanding the goal of this program is to generate new revenue he asked where there is offsetting revenue from this program.

Mr. Williams stated there is ultimately increased revenue from this program. It is shown in other areas such as increased transient occupancy tax, potential sales tax, and the like. He explained the program has not been in operation for a full year yet so the results are not identified clearly enough for a budget entry. He suggested that after a couple of years there would be better information to forecast the effects.

Council Member Schmid stated that he believed one of the goals of the program was to increase revenue.

Mr. Williams stated that a matrix for measuring the results is being created.

Council Member Schmid stated that although the extension of the Comprehensive Plan could save \$75,000 that there might be significant cost due to some large projects such as Stanford and High Speed Rail. He asked for confirmation that this extension is the best choice.

Mr. Williams stated there are policy implications with deferring the Comprehensive Plan. Some of the key policy decisions and area plans are important to complete quickly in anticipation of development when the economy improves. He stated that he believed that the City could continue another year with it realizing that those issues may not be addressed as quickly as originally planned. He stated that a draft Housing Element could be created and not delayed for another year. However the final Housing Element probably would be delayed due to that \$75,000 being deferred.

Council Member Schmid stated that he has not seen any ridership data for the Palo Alto Shuttle and asked if that information was available.

Mr. Williams stated the annual ridership for the Embarcadero Shuttle was almost 70,000 and for the Cross Town Shuttle was approximately 143,000 for the 2007-2008 year. The current year to date is down by about 25 percent from previous years.

Chair Burt asked whether Staff had a response to the question on the table from Council Member Klein.

Mr. Williams stated that Staff did not have the figures on hand. He explained anecdotally that in both Mountain View and Redwood City the Advance Planning, Building, and Current Planning staff is approximately ten to 20 percent less than Palo Alto. However, he could not balance that with the level of development activity or the processes in those cities. He stated that one of the large differences is most other cities do not have a Transportation section within these departments. They do have Economic Development sections however there is a bit of mismatch in making the comparison. He stated Palo Alto most likely does have more professional planners than other cities due to the combination of workload and the amount of processes used in Palo Alto.

Chair Burt asked if the projected decline of activity particularly in the amount of new submittals over the next one to three years for both residential and commercial projects has been used to reduce the amount of corresponding staff required to meet the reduced demand.

Mr. Williams stated the amount of development activity is projected at current levels, which is very low, over the next two years. He stated there are cuts commensurate with that dip shown for 2010 primarily in Building Inspection and Plan Check Services amounting to approximately \$700,000 in vacant positions and contract services.

Chair Burt asked Staff to provide more information at a later date explaining the reduced ridership in the shuttle system. He then commented that Destination Palo Alto has been documented in a year-over-year format and does not believe that is valid in a severe economic downturn. He suggested comparing to comparable communities in the region over the same timer periods.

Mr. Williams stated that Staff will not be providing information in absolute terms and will in fact use comparable communities or find other metrics to measure given the current economic situation.

Council Member Klein asked for a cost figure for the Individual Review process.

Mr. Williams estimated that figure to be somewhere between \$75,000 or \$80,000 to \$100,000 a year in contract services. There are generally two Contract Planners that do the bulk of that work however that has been cutback due to the slowdown. It is still most likely in the \$65,000 to \$75,000 range.

Council Member Klein asked if that was in the budget.

Mr. Williams confirmed that it was in the budget under Contract Services. He explained some of the Planners are able to do them however 80 percent are done by Contract Planners.

Council Member Klein returned to the issue of comparing Palo Alto staffing levels with other cities. He asked for confirmation that Current Planning is pretty much the same across cities.

Mr. Williams agreed.

Council Member Klein stated Palo Alto may be overstaffed in Current Planning and was interested in further discussion of this area. He stated that over the past 15 years Planning and Transportation staff levels have increased noticeably. He asked for a graph showing staff levels from 1991 to date.

Mr. Williams stated around the year 2000 there were about 60 FTEs for the department and today there are about 51, however he would provide the information requested.

Council Member Klein estimated that in 1991 it was also about 51.

Herb Borock, P.O. Box 632, stated the Embarcadero Shuttle receives funds from outside sources that are not available to the Cross Town Shuttle. He believed that at one time VTA considered combining their route 88 with the Cross Town Shuttle. Today the VTA is contemplating reducing route 88 service making the Cross Town Shuttle even more important.

**MOTION:** Council Member Klein moved, seconded by Council Member XXX that the Finance Committee recommend to the City Council to tentatively approve the Planning & Community Environment Department Budget

## **MOTION FAILED DUE TO LACK OF SECOND**

Council Member Klein was reluctant to add this to the Parking Lot. He decided to second the Motion to put them into the Parking Lot.

**MOTION:** Vice Mayor Morton moved, seconded by Council Member Klein that the Finance Committee recommend to the City Council to tentatively approve the Planning & Community Environment Department Budget with the following changes:

- 1) Eliminate the Individual Review Program
- 2) Delete two of the eight professionals from the current planning
- 3) Place the one year extension of the Comprehensive Plan into the Parking Lot

Council Member Klein stated his desire to move the elimination of the Individual Review program and two of the eight professionals in Current Planning to the Parking Lot.

Chair Burt asked if Council Member Klein would separate the two items.

Council Member Klein agreed to separate the items.

Chair Burt stated his support for review of Current Planning staffing levels and asked Council Member Klein if there was a specific recommendation on Current Planning staffing level reduction.

Council Member Klein stated there are eight professionals.

Chair Burt said it is the evaluation of the potential of reducing by two.

Vice Mayor Morton stated his concern about how to go about this as well. He asked Mr. Williams to come back with what the impact would be of losing two planners on current major projects that are now in process.

Chair Burt asked if there was support from any other Committee members for the second item on the Individual Review. Hearing none, he stated that one does not qualify for the Parking Lot list. However, the staffing level of Current Planning staff is on the parking list.

**AMENDMENT:** Council Member Schmid moved, seconded by Council Member XXX to eliminate the proposed extension of Comprehensive Plan out one year.

## **AMENDMENT FAILED DUE TO LACK OF SECOND**

Chair Burt said he would support moving it to the Parking Lot and hold off approving that at this time. He explained it is an important policy issue and would be hesitant to make a snap decision on merely a budgetary basis where so many policy implications are involved.

Chair Burt confirmed that he and Council Member Schmid would support moving it to the Parking Lot however that is contingent upon the maker of the Motion removing it from what is approved tonight. He asked the maker if he would agree to remove that item from the motion.

Council Member Klein I think we just better go to the Parking Lot. I don't want to take a position on it but I feel I am if we take it out of the motion, but I am content to have it in the Parking Lot.

Chair Burt so by not taking it out of the Motion it remains in the Motion and therefore it's being tentatively approved. As the Motion is stated, it's to extend the Comp Plan by a year.

Council Member Klein agreed with Chair Burt's logic.

Chair Burt said unless the Maker of the Motion agreed to remove it from the Motion then it is part of the Motion. So then the extension of the comp plan is removed the Motion to approve and it's in the Parking Lot.

**MOTION PASSED:** 4-0

### 3. Fire Department Budget

Budget Manager, Sharon Bozman, explained that revenue changes were not included on this page. There are two significant increases. The first is \$40,000 for the Hazmat Inspection fees and an increase in Muni fees to bring the program up to full cost recovery. The Stanford Fire revenue increase is \$238,000, which is the contractual obligation for Stanford. Citywide expenses for the Fire Department include a cost increase of \$414,000 in 2010 and \$145,000 in 2011. Allocated Charges decreased \$76,000 in 2010. The salary increase for Fiscal 2010 is \$929,000, which breaks down into three different pieces. Effective July 1, 2009 the firefighter's union increase includes a five percent increase for Fire Captains and a four percent increase for all other representative classes. Effective January 2, 2010 all IAFF employees will begin to pay the nine percent PERS employee contribution and they have an offsetting pay increase of 9.989 percent. Effective July 1, 2009 the Fire Chiefs Association receives a four percent increase. Also included is the elimination of one FTE Battalion Chief

EMS. This is a frozen position so there is no associated cost with that it is just headcount. The service level reductions include the pilot program for Basic Life Support, which are three regular FTEs and 16 hourly. It breaks down into a reduction of \$236,000 in revenue and \$135,000 in expenditure. The service level impacts include the possible need for paramedic ambulances to support lower level calls thus the need to rely on private or third party ambulance service for more critical patients. It will also eliminate the inter-facility transports for non-acute patients. The second tier reductions include the elimination of the Office of Emergency Services Division, OES, reduction of revenue of \$33,000 and reduction of expense of \$443,000. This includes the elimination of one FTE and an hourly.

Vice Mayor Morton asked what impact the \$700,000 salary adjustments would have and if Staff needs to investigate this further.

City Manager, James Keene, stated that Staff have been in negotiations with the union leadership and has asked for their assistance and participation in closing the budget gap. He explained that there were no pay increases for management or SEIU employees. The good news received tonight was that the membership authorized the president to work out an agreement with the City, typically that means just rolling the existing contract forward for the year, and having no pay adjustment in this particular year. The \$700,000 figure is a rough estimate of the existing contract's negotiated pay increase of four percent for the firefighters, and a very small group of Fire Captains that have five percent, and the associated benefit cost increases that are on top of that. So that is an important contribution to the \$3.0 million figure that has been identified in employee compensation savings for the year.

Vice Mayor Morton stated that as he had hoped for a contribution from the firefighters he wanted to publicly thank them and trusts that it materializes and does directly impact the budget. He stated the police had a drop in salary a year ago and the City paid the nine percent PERS contribution, whereas now fire is getting an increase and then taking PERS out of it. He asked how that affects overtime and the PERS benefit reduction and would the same end result be achieved by leaving it alone, not giving and increase and not taking it back from their pay.

Ms. Bozman stated that he was correct. By increasing the pay to offset their paying the nine percent PERS increase it would impact their calculation of overtime.

Vice Mayor Morton stated that since the calculation for PERS benefits are also based on the pay rate there might be an unintended consequence in this. He also stated the way the positions are listed in the Basic Life Support

Program shows three regular full time and 16 limited hourly and asked if this is currently staffed by part-time people that do not get full benefits.

Mr. Keene confirmed that was correct.

Vice Mayor Morton asked for confirmation that the BLS was a pilot program that was improved a couple of years ago.

Fire Chief, Nick Marinaro, stated that was correct. This started as a pilot program, which largely focused on the opportunities for inter-facility transports. The revenue has been generated much more in the area of downgrading calls to the EMS units as opposed to the inter-facility aspect. He stated that it started as a pilot program and is now in its fourth year.

Vice Mayor Morton stated that if this became a permanent program the staff would receive full union benefits and that would change the economics of the program. He suggested that since this has been put forward as a potential reduction that it has come to the end of its test period. He asked for some further information in that regard.

Mr, Marinaro stated that the short answer is yes. He stated that the original plan for this program as it became permanent was to be staffed by hourly employees with very limited benefits. Today it operates for ten hours a day, five days a week with future consideration of increasing that by two hours a day for seven days a week. Administrative Services has done some preliminary calculations on the cost of that with a nominal pay increase including the benefits. So salary and benefits only not including all the allocations that could be considered in this program the revenue generated last year and this would exceed those additional costs. He suggested Administrative Services could provide further details.

Director of Administrative Services, Lalo Perez, stated that the program was first put in place in 2003-2004. The first couple of years it struggled when the overhead was included. The last couple of years the revenue has picked up and the net revenue could be anywhere from \$20,000 to \$60,000 depending on when the year ends and assuming it is left the way that it is with limited hourly staff at \$18.00 per hour with basically no benefits. He said the concern is that if any of this changed in the future and the cost factor changed it would need to be reconsidered. At this point the concern is that since it has been in place since 2003-2004 that at some point the pilot aspect becomes questionable.

Vice Mayor Morton asked if it would be picked up by private services as it was before.

Mr. Marinaro confirmed that was correct. There would be two options for non-emergency transports. One would be to have the ALS units do that or to request a private provider ambulance. There are a number of companies that could provide that service such as AMR or West Valley.

Vice Mayor Morton stated that the ALS system could be run through the regular permanent programs.

Mr. Marinaro confirmed that was correct.

Council Member Klein asked when the current contract was put in place with the firefighters.

Mr. Marinaro stated that the current contract has effective dates of 2006 to 2010 with an effective end date of June 30, 2010.

Council Member Klein asked if it had been signed off as July 1, 2006.

Mr. Marinaro stated that was correct however he believed it was actually approved in 2008 as a four-year contract.

Council Member Klein stated that the tradeoff Vice Mayor Morton referred to of the pay increase in exchange for the firefighters picking up the PERS was not inadvertent at all and was the result of a long discussion with Staff.

Mr. Marinaro said that was correct.

Council Member Klein wanted to make clear that nothing was 'given' to the union that this was done through a process of negotiations with give and take. He hoped that something could be negotiated to reduce compensation for this year. He then asked for more information regarding the pros and cons of the Second Tier proposal to eliminate the Office of Emergency Services and the \$443,000 reduction in expense.

Mr.. Marinaro said this division oversees the PANDA program and Emergency Preparedness and Disaster Preparedness.

Council Member Klein said he sees the elimination of one FTE and that is not costing \$443,000.

Mr. Marinaro said the \$443,000 is what is budgeted for the program. The full time FTE is approximately \$150,000 and associated allocations.

Council Member Klein asked if there was a way to partially eliminate this program such as dividing it in half.

Mr. Marinaro said there may be options to do that. Theoretically some services could be contracted out. He said there is a very extensive volunteer staff that assists in training and may be able to be expanded into other areas to cut down on the FTE expense.

Council Member Klein asked what the qualifications were for that particular FTE.

Mr. Marinaro said this employee is a member of the Management Professionals Association.

Vice Mayor Morton said that he is very anxious to capture this offer of \$700,000.

Chair Burt said there has not been any explanation of the impact of this very significant item. He stated he would like to understand better the various activities in the different departments of the City involved with emergency services. He referenced the letters from Ann Glenkoff regarding creating a coordinated position or function with the City for emergency services. Chair Burt stated that in his view emergency preparation and services should be one of the City's highest responsibilities and is more important than many other activities. He stated that without a restructuring program for a more effective use of the emergency services resources overall he is reluctant to consider these reductions. He stated that time was not available in this meeting to give adequate attention to all the aspects of this matter and as such would be inclined to see this held for a broader discussion possibly at another level of the Council. He would be interested in a consolidated citywide office or some program that unifies the different functions in emergency services.

Chair Burt asked if there was some funding for a neighborhood emergency preparation volunteer program.

Mr. Keene said when he investigated this question for the Chair he did not find a specific dollar figure earmarked for this. He believed that this would cost approximately \$20,000 and would be able to accommodate that within the existing budget. He stated that if necessary he would take it from the City Manager's Contingency Fund.

Chair Burt said maybe this should be placed in the Civic Engagement area. He felt it would be a highly leveraged resource and worthwhile allocation.

He would like to see it as a line item to show the community that it is a supported program. He asked for more information regarding how the BLS program saves money versus alternatives.

Mr. Marinaro stated the opposite is true. He said that it has generated some revenues and in his opinion has enhanced the level of service for medical emergency services. It allows the paramedics to be more available for emergency calls when the BLS handles transport for non-emergency patients. The BLS is able to handle these transports more quickly than waiting for an outside provider. He stated that the statistics for this year show that ALS units were available for approximately 250 more hours as a result of the BLS unit doing transport. Historically about 600 to 700 calls were not picked up due to both paramedic units being unavailable to respond. Year to date there have been an additional 112 ALS level calls that were responded to because the BLS units freed up the availability of the ALS units and that translates into revenue. He said his rough calculations showed the revenue was approximately \$40,000 to \$50,000 as a result of the use of the BLS program.

Chair Burt asked how much expense was associated with that \$40,000 to \$50,000 in revenue.

Mr. Marinaro said the budget showed that if the BLS was eliminated it would save about \$150,000. He added that last year the BLS revenue was \$160,000 and to date the revenue collection is \$170,000 with another two months left.

Chair Burt reiterated that the BLS program has expenses, revenue, and indirect revenue as a result of more ALS calls being supported. He asked for the net of these figures.

Mr. Perez said over the last couple of years the range is from \$25,000 up to \$60,000. He explained the range was so large because last year the revenue was \$177,000 and so far this year they are \$161,000.

Chair Burt asked if the net included the indirect revenue from ALS.

Mr. Marinaro said that did not include the indirect revenue because it was shown in the total ALS revenue.

Chair Burt asked why the BLS program would be eliminated if it has a net positive revenue on its own and has an indirect positive revenue of approximately \$40,000 in the ALS program.

Mr. Keene said the inclusion of this item is an anomaly in comparison to some of the other recommendations. He suggested the Committee view this in the context of a long-term financial downturn, and consider it with the notion of long-term cost reductions. He explained that this program is effective and the cost/benefit ratio is clearly weighted by the benefit it provides. He stated that in order to continue to provide this program it must be done with the current cost restraints including lower cost overhead and benefits. He asked that if the Committee were inclined to retain the program that it be retained essentially as it is today.

Vice Mayor Morton asked what the numbers would look like if this program were no longer a pilot program and required full union pay with benefits. He suggested the \$40,000 in revenue would disappear.

Mr. Keene said he was correct. He explained that there was no proposal to change the status of the program. He said that if the Committee and the City Council wished to continue the program that he would want assurance that it could continue with the current status for the future.

Chair Burt said those were important tradeoffs and would like to see this considered as support for the ALS program.

Chair Burt referred to a written question from Vice Mayor Morton regarding follow up from the City Auditor's 2003 audit of overtime expenditures. Recommendation number two was the City should conduct a staffing study to assess the appropriateness of current Fire Department minimum staffing levels in the context of call volume response times and employee safety. He asked if Staff had any comments on this important issue that has not been implemented.

Mr. Marinaro said a Standards of Coverage Study was begun. An outside contractor had undertaken some data collection when direction was given to discontinue that until a later date. This was one of the options in the EIR for the Stanford Hospital Expansion project but again was asked to withdraw it from the EIR until a Standards of Coverage Study could be funded.

Chair Burt asked if the Fire Department saw any additional opportunity for greater regional or sub-regional coordination that could be part of the tier two program.

Mr. Marinaro said there are a number of things to look at. He explained neighboring jurisdictions also have Offices of Emergency Services and he would be interested in the possibility of any shared training, positions, or resources. He said to this point that has not been investigated. He said

they do participate in regional efforts however they don't share any resources.

Barry Marchisio, Palo Alto Fire Department, said the nine percent PERS reversal will not affect PERS calculations for retirement benefits. He stated that in regard to the EMS Chief,, that position has been vacant for the last five years and so has not been funded. He feels it is an important position and should not be eliminated. Existing Staff is doing the job the Chief should be doing however it is not getting done as efficiently as it should be done. He stated his hope that the position will be reinstated when the funding is available so he asked that it be kept on the books. In regard to the BLS program he said the union would not ask to take it off of its pilot status until the revenue that the program generates justify that. He said the program was undertaken when it became apparent that private companies were able to turn a profit with this service. He stated that as a frontline Fire Captain it is important to have the confidence that an ALS ambulance is available to handle his patients as needed. He referenced the link between time delays in patient care and recovery rate.

Mark Liao, 375 Channing Avenue #102, said as a former employee of the BLS program he knows EMTs don't do the job for the benefits because they get none. He said that EMTs in the program view the job as a way to learn more about the fire service, learn more about EMS, and to do public service. He said it was a stepping-stone into other EMS jobs or other fire agencies. He said there is such a high turnover rate that no employees were interested in pursuing unionization, increased hours, or additional benefits. He stated that this program was his stepping-stone to being a paramedic. He felt working with Palo Alto's Fire Department was a privilege.

David Shum, Palo Alto Firefighter, said he agreed with the Chairman that more study should be done on the OES position. The OES position was created due to a local disaster, namely the floods. He said that the program has trained over 800 residents to be self-reliant. He said it is no extra cost to the Fire Department to provide this resource. He said the OES Coordinator also trains the employees in the City, trains the EOC, and contributes greatly. He hopes the Committee will take a deeper look at the position.

**MOTION:** Vice Mayor Morton moved, seconded by Council Member Schmid that the Finance Committee recommend to the City Council approval of the Fire Department Budget with the following changes:

- 1) Reduce the budget by \$700,000
- 2) Have Staff and the Union compile details of the deduction

Chair Burt offered an Amendment to delete the elimination of the Basic Life Support (BLS) Program from the proposed budget and remand it to the Parking Lot for further discussion

Vice Mayor Morton, as Maker of the Motion accepted the Amendment if it can be contingent on not taking the generous offer of \$700,000 and then add back \$100,000 if it doesn't work out. He suggested that it might be feasible to put it in the Parking Lot with Staff to bring back details to be sure it can be worked out.

Chair Burt said it can only go to the Parking Lot if it is removed from the Motion. He said he is interested in excluding it because the information from Staff shows there is not a net cost savings from that program. So he would be open to having it come back with additional information.

Vice Mayor Morton said if the proposal is that we tentatively suspend it and put it in the Parking Lot and then have Staff bring it back he would accept that.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to delete the elimination of the Basic Life Support (BLS) Program from the proposed budget and remand it to the Parking Lot for further discussion.

Council Member Klein stated accepting an offer of reduction from the Union was a violation of the contractual obligation. He stated Council's policy was to have Staff and the City Manager negotiate with the union.

Council Member Schmid asked for suggested alternate wording. He said the Motion still must include ongoing negotiation.

Council Member Klein said there are ongoing negotiations.

Council Member Schmid asked for the Motion to be restated.

Chair Burt said the primary Motion is to tentatively approve the Staff proposal with deleting the elimination of the BLS program.

Council Member Schmid said he was looking for some wording referencing the negotiations.

Chair Burt said there are labor negotiations going on. He agreed with Council Member Klein that the Committee may be supportive of the

outcomes but to include in the approval of the budget program something that is an ongoing labor negotiation is not appropriate.

Council Member Schmid asked if staff had a suggestion for wording this piece.

Mr. Keene restated what he heard as the Motion with Amendment. To adopt the budget as proposed. The question of the BLS would be moved to the Parking Lot. He agreed that Council Member Klein's comment about process was appropriate. He suggested that the Committee might include a direction to the City Manager to follow up on the negotiations of the offer or to pursue the agreement in response to the offer from the union and leave it at that.

Chair Burt said the labor negotiation directions come from the Council as a whole and they have already given labor negotiation directions. He personally felt it would not be appropriate for the Committee to give labor negotiation directions separate from Council direction.

Mr. Keene agreed and said he already had general direction from the Council regarding these negotiations.

Vice Mayor Morton said he would defer and accept the Motion that Council Member Klein had argued for with the understanding that the City Manager will take advantage of the offer made by the Union. He reiterated his vote is tentative and will depend on the final budget that comes forth on the wrap up night.

Council Member Schmid clarified that he felt the discussion had been influenced by the statement made by a member of the public. He stated he would move ahead on the basis that that is an ongoing conversation.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to delete the language referring to the \$700,000 offer from the Union President.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to approve Staff recommendation for elimination of the Office of Emergency Services (OES) Division be substituted with an evaluation of the future organization of Emergency Services that would include the City Manager review of the consolidated Emergency Services functions within the City, coordination with neighboring cities on Emergency Services, and no dollar amount listed at this time on the Tier 2 reduction in Emergency Services.

**MOTION PASSED:** 4-0

4. ~~Administrative Services Budget (Defferred)~~

5. Discussion of Future Meeting Schedules and Agendas

Administrative Services Director, Lao Perez said the next two meetings will be held on Tuesday, May 12, and Wednesday, May 13. Administrative Services Department budget will be heard during one of those two nights.

ADJORNMENT: The meeting adjourned at 11:03 p.m.