



## POLICY AND SERVICES COMMITTEE

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Regular Meeting  
July 13, 2010

Chairperson Yeh called the meeting to order at 7:05 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Yeh (Chair) arrived at 7:11, Holman, Price, Shepherd

Absent: none

1. Oral Communications

None.

2. Discussion of Survey Options for the FY 2010 Service Efforts and Accomplishments Report

City Auditor, Lynda Brouchoud stated the City Auditor's Office was in the process of coordinating the annual resident survey for use in the upcoming Citywide Fiscal Year (FY) 2010 Service Efforts and Accomplishments (SEA) Report. In January 2010, the City Council held their first study session on the SEA Report, and provided feedback on the Fiscal Year 2009 SEA Report. Staff asked the National Research Center (NRC) to provide cost estimates for the SEA survey options in the areas the City Council indicated interest. Five options were identified by the NRC. She stated these were additional options from the basic SEA survey that was performed annually. She spoke on additional options used in prior years. Staff welcomed the Policy & Services Committee's feedback on areas of Council priorities to identify appropriate add-on options for the annual SEA resident survey.

Council Member Shepherd stated the margin of error for the geographic report was in excess of five percent. She inquired what the response rate was based on.

Ms. Brouchoud stated the response rate was based on the number of responses that Staff received, given the sample size. She stated roughly 400 responses were received on a SEA survey sample size of 1,200 participants.

Council Member Shepherd stated Staff would need to double the response of participants in order to have a significant change in the margin of error. She stated she was fine with not increasing the SEA survey sample size.

Council Member Holman inquired whether increasing the SEA survey sample size from 1,200 to 2,400 would lower the margin of error. She felt this was a compelling reason to expand the sample size.

Ms. Brouchoud stated increasing the SEA survey sample size through the presented option would decrease the margin of error from five percent to an estimated four percent. When the geographic comparison option was used, the margin of error was recalculated based on the smaller subgroups involved in the subset comparison. The margin of error increased due to the smaller subgroups involved in the subset comparison. She inquired whether there was a desire to use the geographic comparison again. The NRC estimated the margin of error in the geographic comparison could decrease from nine percent to about six percent.

Council Member Holman stated there was a lot of sensitivity, within the community, based on various geographic areas and how they felt about what was happening in the community. She felt the geographical comparison was important; however, adding the geographic comparison option changed the margin of error significantly. She spoke on a Council Member's concern on the nine percent margin of error that was found as a result of the SEA survey in 2009.

City Manager, James Keene stated the cost was roughly \$5,000 more to double the survey sample size from 1,200 to 2,400.

Council Member Shepherd stated the survey itself was \$11,500, excluding options.

Mr. Keene inquired whether it was worth spending an additional \$5,000 for a margin of error to decrease from five percent to four percent. The 1,200 sample size was what NRC used across jurisdictions to create benchmark reports. A benefit of the survey was to look at how the City compared with other jurisdictions. He stated being consistent with the sample size across jurisdictions was important for benchmarking. He stated he would not be in favor of spending an additional \$5,000, unless the geographic comparison component was important to the City Council.

Ms. Brouchoud stated the SEA Report's data could be very helpful. She indicated Staff may need to look further into the data as additional questions

may present themselves. NRC's survey options provide opportunities to see whether they could be helpful in providing information in the areas of the City Council's priorities. She spoke on an example of breaking down demographic comparisons into different segments to reveal additional information.

Council Member Price inquired how the socioeconomic data results vary from what was expected from the 2010 U.S. Census. She spoke on her concern of paying for a survey that may contain similar information found in the U.S. Census.

Ms. Brouchoud explained the U.S. Census data would not contain information on how Palo Alto residents rate City services based on demographic details.

Council Member Price inquired how the questions regarding income and number of people in household would differ from that expected in the U.S. Census.

Ms. Brouchoud stated how residents rate the quality of life found in Palo Alto compared to their demographic location would not be found within the U.S. Census.

Council Member Price stated linking demographic data to the quality of life found in Palo Alto would be a benefit of the option within the SEA survey.

Council Member Shepherd inquired why the City was mailing surveys to zip code 94304. It was her belief this zip code belonged to Stanford.

Ms. Brouchoud recalled that there were certain buildings within that zip code that were within City boundaries. She stated she would verify that information.

Council Member Price inquired whether it was properties located on Sand Hill Road, before the creek.

Ms. Brouchoud stated she was unsure. She stated there were certain pockets of areas that had been identified as within Palo Alto City limits.

Council Member Price inquired whether the residents of this area considered themselves Palo Alto residents.

Council Member Shepherd stated these residents used City services.

Ms. Brouchoud stated that the City provided Fire services to Stanford; however, the City was not surveying Stanford on the satisfaction of City services provided.

Council Member Shepherd inquired how many surveys were provided to zip code 94304, and the usefulness for the data findings in that area.

Council Member Holman stated zip code 94304 most likely included the former Hyatt site. She stated older community members had a higher probability of responding to surveys.

Chair Yeh inquired what could be done with the SEA Report findings when prioritizing City services, and whether demographic comparisons would be beneficial. He inquired whether it would be beneficial to hold a discussion with the community after the results of the SEA survey were reported.

Mr. Keene stated the SEA Report was a valuable resource. He spoke on the importance of studying benchmarking data with other jurisdictions. He stated annual SEA Reports provided trend data and patterns, and the survey's findings could be a beneficial discussion with the community.

Ms. Brouchoud stated that the margin of error seen on the subgroup comparison affects the range of likely responses and makes it bigger, however NRC's report still revealed trends that were statistically significant. Staff requested a discussion on the next SEA Report to see what types of data might be of value to the Policy & Services Committee to identify how Staff could use the report data. She stated a subsequent discussion could be held.

Council Member Price inquired if there were areas seen by Staff that may warrant more investigation or clarification.

Ms. Brouchoud stated the 2009 SEA Report could be studied to see what was of interest to the Policy & Services Committee. The level of interest raised by particular line items should also be thought through.

Council Member Price stated the Policy & Services Committee was having difficulty defining the problem.

Mr. Keene stated Staff was focused on improving the SEA survey. He stated a bigger question may be how Staff was using the results of the survey during the course of the year. Staff was not using the results nearly as much as they could. He stated there could be free mini-surveys that could be done in conjunction with the SEA survey.

Council Member Price inquired whether the Policy & Services Committee should focus on the implementation of known information, rather than gathering more defined data. She inquired whether there was current information that could be

used now, and possibly refined, to determine if the City was meeting the expectations of citizens. She inquired whether known data could help the Policy & Services Committee sort through issues.

Council Member Shepherd inquired whether the SEA Report could be done every other year. She stated the City Council was looking into multiple-year budget cuts. She inquired whether there was a micro-report that could help guide the Finance Committee on what citizens supported, and what may possibly be cut.

Ms. Brouchoud stated the basic SEA survey provided Staff with historical annual data and the SEA Report was referred to during City Budget discussions. The overall survey data was dispersed throughout the relevant sections of the SEA report. She indicated some departments perform their own surveys on customer satisfaction regarding a specific program. The basic SEA survey was intended to capture overall resident satisfaction across a variety of areas. She stated this Agenda Item was to discuss any desire from the Policy & Services Committee to employ additional options, above the basic survey.

Council Member Shepherd inquired whether conducting the SEA survey every other year would be sufficient in providing the type of data desired by Staff.

Ms. Brouchoud stated conducting the SEA survey every other year would lose its comparison factor across the years. She indicated yearly comparison data was available from the past seven years.

Council Member Holman inquired whether there was a long-term comparison of the survey data at the end of the SEA Report.

Ms. Brouchoud stated that was correct. She stated the long-term data went back seven years.

Council Member Holman supported the geographic comparison only if there were funds available to increase the survey sample size. She felt gathering more information on line items that did not score well would be beneficial. She inquired whether the Policy & Services Committee had the option of adding or modifying questions.

Ms. Brouchoud stated revising template questions was very limited because benchmarking with other jurisdictions would be lost. She stated the physical space on the survey was limited. She stated the web-based version allowed participants to respond via the website but the actual survey was mailed to residences.

Council Member Holman inquired whether a new question could be established, regardless of whether it was to be a benchmark with other jurisdictions.

Ms. Brouchoud stated existing questions were usually dropped to make room for new ones. She spoke on the potential to add a question on High Speed Rail.

Council Member Shepherd inquired whether the High Speed Rail question would be discussed.

Ms. Brouchoud stated individual questions were not planned to be reviewed.

Mr. Keene stated the questions were constrained because of benchmarking and following trends. He stated Staff had the flexibility to add one or two questions each year.

**MOTION:** Council Member Shepherd moved, seconded by Council Member Holman to accept the geographical comparison for \$1,100 as a recommendation, and to separate the data for zip codes 94304 and 94301.

Council Member Shepherd stated she would like to see the zip code 94304 separated from 94301, because it was an open space community. She stated they were two completely different types of neighborhoods.

Ms. Brouchoud stated NRC may have combined these two zip codes because they contained the smallest response rates. She stated the surveys were randomly administered, and she could have a discussion with NRC to see whether there was a way to get a better representation in those two areas. She stated geographic comparisons were important in other jurisdictions because most other cities had defining geographic districts. She stated zip codes were the most effective defining boundary that the City had.

Council Member Shepherd inquired whether the SEA surveys were mailed strictly to Palo Alto residents.

Ms. Brouchoud stated that was correct.

Chair Yeh inquired whether part of the Motion was to see if it was possible to separate the data for zip codes 94304 and 94301.

Council Member Shepherd stated that was correct.

Mr. Keene stated Staff may have one answer now and one answer post-survey depending on the results of the SEA survey.

Ms. Brouchoud stated Staff was preparing the SEA survey, and it was scheduled to be sent to residents in August 2010. The option on geographic comparison would require NRC to pre-code the survey. Demographic comparison data would not require an early submittal to NRC. She stated she would follow-up with NRC's response on the ability to separate the two zip codes.

Chair Yeh inquired whether there was a Secunder to the Motion.

Council Member Holman stated, if 1,200 SEA surveys were mailed, and the City received a 35 percent response rate, it would equal 420 participants. She stated a 10 percent margin of error would equal 42 surveys. She spoke on her concerns for this percentage rate.

Council Member Shepherd stated the Palo Alto Neighborhoods (PAN) had offered to publicize the SEA survey. She felt working with PAN would contribute to a higher participation response.

Council Member Holman inquired whether the level of participation affected the margin of error.

Ms. Brouchoud stated a higher response rate would increase the accuracy of the data received. The margin of error was recalculated based on the lowest participation from any one zip code, thus affecting all zip codes.

Council Member Price inquired whether utilizing a web-based survey would sort information by zip code.

Ms. Brouchoud stated either a web-based survey or manual survey would sort information by zip code.

Council Member Price inquired whether geographical sensitivity could be gathered, in addition to the geographic comparison.

Ms. Brouchoud stated the web-based option increased the response of participants by 53 participants last year. Staff felt the increase in participants did not merit the additional \$900 expense. The response rate had been around 35 to 37 percent, which was at the high-end of the expected response rate of 25 to 40 percent.

Council Member Price advised the Policy & Services Committee to focus on doing more with what was currently available, opposed to funding additional surveys.

Council Member Holman inquired whether the additional \$5,000 allocated to the SEA survey could be spent on follow-up surveys and questionnaires no option selected. She inquired what could be done with the additional \$5,000 to better utilize the SEA Report.

Ms. Brouchoud spoke on the option of holding focus groups.

Mr. Keene stated the SEA Report could be analyzed to see what additional questions were raised. He iterated Council Member Price's concern on beneficial data in past SEA Reports, and how much of said data was utilized by Staff.

Council Member Shepherd spoke on her interest to differentiate the two zip codes.

Council Member Holman stated she would support the Motion if there was a follow up on the SEA Report.

Ms. Brouchoud stated she was required to advise NRC on any chosen options this week.

Council Member Shepherd inquired whether NRC knew how many SEA surveys they distributed to the various zip codes.

Ms. Brouchoud stated that was correct. NRC knows where the surveys were sent, but did not know who would respond to the survey.

Council Member Shepherd inquired how a 9 percent margin of error equaled 105 participants, knowing there was a total of 300 surveys mailed.

Ms. Brouchoud stated the results depended on how NRC calculated the margin of error.

### **MOTION WITHDRAWN BY MAKER AND SECONDER**

Council Member Shepherd inquired whether \$5,000 would be removed from the Policy & Services Committee Budget if it was not used on the SEA Report.

Ms. Brouchoud stated \$5,000 would be allocated back into general contracts, of the Auditor's contract budget and is intended for use in audit services. She stated, if it would remain in this contract category was not used on the SEA Report.



Council Member Holman inquired whether Spanish was the only foreign language available.

Ms. Brouchoud stated yes, any other languages would have to be custom designed.

Council Member Holman stated Spanish was the largest non-English speaking language in the City limits.

Chair Yeh inquired whether there had been a desire, in past years, to have the SEA survey written in alternatives languages.

Ms. Brouchoud stated providing language options was discussed at a past City Council Study Session. She stated identifying the appropriate language was difficult.

Council Member Price stated there was a Spanish immersion within the City. She recommended partnering with PAN, or other cultural groups, to assist with language translations.

Council Member Shepherd spoke on non-English speaking Chinese residents that were not utilizing the City's shuttle services due to communication barriers. She stated there was a large Chinese population, and Chinese publications may assist in spreading awareness of the SEA survey.

Council Member Price stated print media may help spread awareness of the SEA survey.

Chair Yeh stated there could be a potential cost-free way to publicize the SEA survey. Community volunteers may assist in translating outreach and awareness for the SEA survey. He spoke on an example of this effort that took place during an election year within the City Clerk's Office.

Council Member Holman stated school volunteers and Neighbors Abroad may be a good resource in locating translators.

Council Member Price stated she would rather spend funding on a newspaper article than adding the additional option onto the SEA survey.

Chair Yeh closed the conversation regarding the language options. The Policy & Services Committee would now hold a discussion on the web-based survey option.

Council Member Homan stated she would be willing to support the web-based survey option because the City was moving toward that direction. She inquired whether one participant could potentially respond multiple times.

Ms. Brouchoud stated no. She stated the option's price was high because NRC would account for this. It would cost far less to not have this accountability; however, the survey results would not be meaningful.

Council Member Holman felt the response rate would go up significantly with the assistance of PAN, in addition to the option to participate through a web-based survey.

Council Member Shepherd felt the web-based survey participation rate would grow from year to year.

Council Member Yeh inquired whether residences would receive a follow up notification if they had not returning their SEA survey.

Ms. Brouchoud stated all correspondence would be administered through the mail.

Council Member Price inquired how many reminders would be sent to participants.

Ms. Brouchoud stated they were notified twicetwo reminders would be send.

Council Member Price inquired whether participants had a choice to fill out the SEA survey by means of the hard copy of the website.

Ms. Brouchoud stated participants had a choice with this optionthat was correct.

Council Member Holman inquired whether it was not considered protocol to use email addresses. She spoke on the benefits of email: higher response rate, lower cost, and environmentally friendly.

Ms. Brouchoud stated NRC did not have this option because they controlled the survey based on residency. They only allowed one response per residency. She spoke that the web-based option may not be as applicable to the segment of the population that did not access computers.

Council Member Yeh stated an email blast would not provide information on who had received the SEA survey.

Ms. Brouchoud stated that was correct. She stated PAN would send a notification throughout their network that the SEA survey had been mailed. She indicated Staff would work with PAN to craft the language encouraging randomly-selected residents to respond.

Council Member Holman supported this pro-active effort.

Council Member Price inquired whether web-based surveys were generally beneficial

Ms. Brouchoud was unclear because there were many factors involved in administering web-based surveys.

**MOTION:** Council Member Holman moved, seconded by Council Member XXX to include the web-based survey as an option in the survey.

Council Member Price inquired whether the Motion included PAN's offer to publicize the survey through the neighborhood associations.

Council Member Holman stated that was correct.

Ms. Brouchoud stated Staff would be informing PAN when the SEA survey was available.

Council Member Shepherd stated considering the participation level, the option was expensive. She stated last year the City spent \$18 per person on the web-based survey. She recommended skipping this year and utilizing the web-based survey in next year's SEA survey.

Council Member Holman stated the Policy & Services Committee should move participants toward completing an online survey.

Council Member Shepherd stated adding the option for a web-based survey would be beneficial after the enhancement of social networking. She felt this year's SEA survey should have an aggressive campaign and recommended working with the City's libraries, Parent-Teacher Associations, and Neighbors Abroad.

Council Member Shepherd stated the City's Facebook account may help the participation next year.

**MOTION FAILED FOR LACK OF SECOND**

Chair Yeh inquired on the Policy & Services Committee members' views on demographic comparisons.

Ms. Brouchoud stated the Human Relations Commission (HRC) Member, Ray Bacchetti, expressed a desire for demographic data for HRC purposes.

Council Member Shepherd spoke on the differentiation that may be seen between long-time residents and new residents in terms of their payment of property taxes. She stated this information may assist in entitlement issues that arise within the community.

Council Member Holman inquired whether Council Member Shepherd was speaking on terms of residency.

Council Member Shepherd stated yes. She stated residents who owned property, versus rented property, paid property taxes. She stated some property taxes were larger than others depending on years of residency. She stated a connection may be observed on the satisfaction levels between these factors.

Council Member Holman spoke on her interest for the demographic on the number of years respondents have lived in the City.

Council Member Price asked whether the data would be reported back as broad percentages.

Ms. Brouchoud stated that was correct. She spoke on suggested options for the level of detail within the staff report, page 5 of the survey: rent vs. own, number of years lived in Palo Alto, housing unit type, annual household income, gender of respondent, and age of respondent.

Council Member Shepherd inquired whether the data purely displayed how many people responded out of the different sections.

Ms. Brouchoud stated the responses were related to individual questions. For example: the question how do you rate Palo Alto as a Place to live, 82 percent of those individuals, living within the City less than five years, rated Palo Alto as a good place to live.

**MOTION:** Council Member Shepherd moved, seconded by Council Member Holman to request survey response details by socio-demographic characteristics.

Council Member Holman inquired whether all demographic comparison questions would be provided in the cost for the option.

Ms. Brouchoud stated four different areas could be chosen. She spoke on a sample of questions based on the 2007 SEA Report. She stated there had been changes in the questions since 2007.

Council Member Holman stated she preferred household income, over gender of respondent.

Council Member Shepherd stated she agreed.

Council Member Shepherd stated her support for rent versus own, and number of years lived in Palo Alto.

Council Member Price stated rent versus own, number of years lived in Palo Alto, and annual household income were the tentative categories to be added to the SEA survey.

Council Member Shepherd stated one more area could be added onto the SEA Survey option.survey.

Ms. Brouchoud stated that was correct.

Council Member Shepherd stated housing unit type was an interest to her.

Chair Yeh inquired what different housing unit types were available for respondents to choose from.

Ms. Brouchoud stated the selections were one family house detached from any other houses, house attached to one or more houses, building with two or more apartments or condominiums, mobile home, and other.

Council Member Holman inquired whether there would be a differential found between the type of building a resident lived in, and the type of City services said resident used. She felt it may have more to do with a participant's age and interest.

Council Member Yeh stated he preferred the option regarding age of participant.

Council Member Holman inquired whether the demographic comparison fee was \$900 per report.

Ms. Brouchoud stated the report included four demographic categories.

Council Member Holman stated the categories chosen were as follows: 1) rent versus own; 2) number of years lived in Palo Alto; 3) age of respondent; and 4) annual household income.

**MOTION PASSED: 4-0**

Ms. Brouchoud inquired whether the intention of the Motion was for Staff to report back to the City Council, or take this as direction directly to NRC.

Council Member Shepherd understood the Motion as confirming direction to NRC.

Council Member Shepherd inquired on the Policy & Services Committee members' views on the geographic comparison option.

Council Member Yeh spoke on the margin of error issue raised for geographic comparisons, if there was no increase in sample size. He felt the increase in sample size from 1,200 to 2,400 participants was costly. Geographic comparison created a lot of discussion by the City Council previously. He felt more than a one year trail should be considered before opting away from this option.

Council Member Holman spoke on the timing for this option, whether it sent the right message to the community. She felt it would it was not be the time to discontinue geographic comparison.

Council Member Shepherd stated the geographic comparison was a way to reach the north and south areas of the City limits.

Mr. Keene stated he had not known of a City where there were no geographic studies.

**MOTION:** Council Member Shepherd moved, seconded by Council Member Holman to accept the geographical comparison for \$1,100 as a recommendation and to separate the data for zip codes 94304 and 94301.

Ms. Brouchoud stated Staff would follow-up with a response by NRC on whether they are able to separate out the data for zip codes 94304 and 90301.

Council Member Shepherd stated, if it was not possible to separate out the data for zip codes, whether NRC would be able to provide data on the number of participants who responded from each zip code.

Council Member Holman inquired on clarification on whether this could be provided at no additional cost.

Ms. Brouchoud stated the reason these two zip codes were combined was not due to cost, but number of response rate received from each zip code. She state she would verify the feasibility to separate the zip codes, and whether the data could be statistically meaningful. She stated if this was not the case, she recommended using the same format as what was used last year.

**MOTION PASSED: 4-0**

Council Member Holman inquired whether there was any opportunity or reason to change the SEA survey questions.

Ms. Brouchoud stated there was a small amount of room for one or two additional survey questions. She stated she would discuss any areas that the Policy & Services Committee felt were areas of concern with the City Manager.

Council Member Holman inquired whether there was a difference between the categories public library service and neighborhood branch libraries in terms, and whether both categories were needed.

Ms. Brouchoud stated these questions were part of NRC's template questions. She stated she would go back and see how Staff embedded those questions into the Library Services Budget. The elimination of one of those would provide a blank line.

Council Member Price inquired whether it was possible to find out which cities participated in the SEA Report.

Ms. Brouchoud stated NRC provided a list of benchmark comparisons. She stated Staff may also contact individual cities to request a copy of their SEA Report. She spoke on an example were Staff sought street data from individual jurisdictions.

Council Member Holman inquired whether surveys created by individual City departments were linked to the SEA Report.

Ms. Brouchoud stated no. She stated linking individual surveys with the SEA Report would be problematic because different departments because the surveys were not statistically administered.

Council Member Holman recommended looking into current information to learn more about the dissatisfaction levels in certain categories, and how Staff might follow up on those dissatisfaction levels.

Mr. Keene stated there would be value in comparison individual departmental surveys, and how they compared to the SEA Report. He spoke on an example of land use. He felt there was sufficient data available. The City would be better served by identifying roughly ten topics that were important and work on those more specifically. He stated land use issues on benchmark data from other cities would receive somewhat similar scores due to the nature of land use issues.

Council Member Holman stated land use satisfaction had traveled downward.

Council Member Price inquired whether Staff was planning to perform second and third level analysis on how to use data that was readily available.

Mr. Keene stated that was correct.

Council Member Holman inquired whether this data would return to the Policy & Services Committee for them to choose which topics to focus on.

Chair Yeh stated this issue was relevant to the discussion of upcoming meetings and topics.

### 3. Discussion of 2010 Council Priorities Workplan – City Finances

Director of Administrative Services, Lalo Perez, talked to many of the proposed City Council Priorities Workplan (Workplan) items being developed prior to the beginning of the Budget process. He stated the Budget process took a large amount of Staff time, and some Workplan items would need to be revisited. He stated the Policy & Services Committee may want to consider whether some Workplan items still made sense given what the City had experienced in the last couple months. He stated his concern on areas that call for tracking due to a lower staffing level.

City Manager, James Keene concurred with Mr. Perez. He recommended that the Policy & Services Committee focus on the strategies for the City finances priority to determine their value, and then look into the actions for each strategy.

Council Member Price stated that on the sheets for Capital Improvement Program (CIP) Projects there was a small paragraph that described the nature of the CIP Project and one or two sentences on the Workplan may help clarify



the document. She recommended a conversation on which strategies had the greatest potential to make the City's economic situation better, and how feasible they were. She inquired what type of conversation would be useful to Staff.

Council Member Shepherd inquired how the framework of business development had been changed since Deputy City Manager Steve Emslie had been reassigned to the program.

Mr. Keene stated Mr. Emslie spent part of his time on business development. He spoke on Council priorities lasting more than one year. He spoke on the intention of the Workplan: 1) inform and report to the City Council on what Staff was working on without explicit direction, and providing the City Council with an opportunity to comment and adjust the progress of the Workplan; and 2) provide transparency and accountability to the public. He stated the Workplan was a way for the City Council to manifest their priorities and clarify the contents of the Workplan.

Mr. Perez stated the public outreach provided this year provided Staff with an opportunity to hear concerns, and gave the City Council an opportunity to hear current conditions and provide feedback. He inquired whether the Policy & Services Committee would like outreach meetings to be held on an ongoing basis regardless of the City's financial status.

Chair Yeh stated that outreaching to the public about the City's difficult economic circumstances may encourage volunteer efforts to get to the desired service level that is expected from the public. He inquired whether the outreach should occur at the Policy & Services Committee level, community centers, or neighborhoods.

Council Member Price inquired whether Chair Yeh desired for this discussion to happen prior to the budget process as a preamble to the budget process in terms of services, costs, and choices for the City Council to consider when contemplating the Budget.

Chair Yeh stated that was correct.

Mr. Perez stated when there was no pressing need, then less participation is seen. He spoke about a Budget 101 Workshop that was held, which discussed City services and infrastructure backlog but had a low turnout from the public.

Council Member Holman complemented Mr. Perez on the Budget outreach meetings held this year. She inquired whether Town Hall meetings could be

combined with budget outreach meetings to raise the participation of the public.

Mr. Keene stated the strategy that was missing from the workplan was a mechanism to inform the public. He stated having the citizens informed and knowledgeable on how government works was important. He stated a deliverable would be to make changes to the Budget to include more user friendly data. He spoke on the idea of holding more Town Hall meetings.

Mr. Perez stated there would be a struggle in City finances for the next few years. He stated while Staff had been able to make structural changes that had saved significant dollar amounts, Staff had an infrastructure backlog. He stated Staff could not necessarily count on the public for the funds needed for capital projects. He stated value choices would need to be made on some of the services moving forward that had been kept in house. He spoke on changes to service delivery, regionalizing services, private-public partnerships, or lesser amount of service delivery. He spoke on a potential survey to look at specific areas of concerns on City core-services.

Council Member Shepherd spoke on miscommunication heard from the City's Friends Groups. She stated the Friends Groups were long standing volunteers and contributors to the community. She would like to see a focus on service cuts and models brought forward throughout the year to prepare the public for upcoming service cuts. She spoke on holding a public-private partnership summit to address budget concerns rigorously.

Mr. Perez stated he was hopeful that the economy would take an upward turn, and Staff would have more stability to make informed decisions. He stated the long-range financial forecast would be updated sooner than in past years, so Staff could start looking into the numbers and closing the budget gap.

Council Member Price stated the City was in a transition period, and there was not a luxury of time to think thoroughly on all subjects. She spoke on the need to define critical services and programs, different service delivery models, and funding implications. She inquired how the Policy & Services Committee could shape the Workplan so these issues could be discussed sooner. She spoke on the potential for contracting services in house.

Council Member Shepherd spoke on the Children's Theater issue regarding accountability and recordkeeping. She spoke on uniformity on recordkeeping for City facilities to ensure accountability and best practices. She spoke on public-private partnerships with water districts. She spoke on economic development and its relationship to revenue generation, restructuring City services, and maintaining high quality services, sustainable path, and accountability and oversight. She felt all these strategies were linked in a

unique way. She stated there had been a jump in the expectation of contributions from citizens and private non-profit organizations to keep the richness of programs within the City.

Mr. Keene inquired about the Policy & Service Committee opinion on why there was a jump in individual initiative for private fundraising for public services.

Council Member Holman felt it was due to a lag in infrastructure.

Council Member Holman stated citizens were filling the gaps because they saw the gaps growing and did not want to see the services decline.

Council Member Shepherd stated fundraising was taken seriously and felt the City should deliberate on what services to keep and how to stay at a sustainable level.

Council Member Holman suggested the Policy & Services Committee discuss takeaways for Staff as opposed to committee members making individual comments.

Mr. Keene requested the Policy & Services Committee review the strategies, and they look at their actions.

Council Member Price inquired on what strategy that Staff saw as the biggest option.

Mr. Keene recommended that the Policy & Services Committee speak in general language before becoming more specific. He stated that the Policy & Services Committee needed to recognize that the City needed more funding. He spoke on getting realistic with the capacity to get multiple tasks done.

Council Member Holman stated the order of strategies mattered. She spoke on her top priority strategies, which were economic development and transparency, accountability and oversight. She stated impactful financial audits should be added to the action under accountability and oversight.

City Auditor Lynda Brouchoud stated the financial audits were contracted out to external certified public accounting firms. The audits reached their impactful stage when the recommendations were implemented.

Council Member Holman said that even though financial audits were contracted out, they should still be listed on the workplan.

Mr. Perez said that the booking financials audit and the financial use audit are two different audits.

Council Member Price clarified that the difference between the two audits was that one was how the money was being used and one was practices.

Chair Yeh said he interpreted it as a sales tax audit.

Council Member Holman said she divided audits by performance which would be audits such as the phone audit.

Mr. Keene reminded the Committee that the phone audit was a performance audit but it had a large financial impact. Not all performance audits have that impact.

Council Member Holman said an audit that looks at inefficient systems would still be a performance audit. She asked if the different types of audits were categorized differently.

Ms. Brouchoud agreed said that they were. Performance audits were differentiated from financial audits.

Council Member Holman said her comments were directed at both types.

Mr. Keene said that performance management and auditing should take place across the organization all the time to allow for accountability. He said that specific audits were required, but oversight audits shouldn't only be specific.

Council Member Holman agreed. She said that many times people complete tasks they way they have always been done even if it isn't the best way.

Mr. Keene said there needed to be a culture of transparency internally. He said that, for example, a department head has to be able to tell another department head if they are charging too much for a project.

Council Member Price asked if they did that now.

Mr. Keene said this was a challenge in many organizations.

Council Member Holman asked the Committee if they were agreeable to changing Accountability and Oversight to Transparency, Accountability and Oversight and moving it to the second priority.

Council Member Shepherd said she saw some parallel actions. For example, Economic Development was a stand alone serving the community but also serving for Revenue Generation. Restructuring City Services could be merged with Maintaining High Quality City Services and Unfunded Infrastructure Liability. The umbrella organizations that cover everything were Accountability and Oversight. Core Revenue Generation would be stand alone as well and include Public Private Partnerships. She said that ownership and freedom for those groups to achieve their mission was important.

Council Member Holman agreed that some of the actions should be subsets under other categories rather than their own strategies.

Council Member Price said they wanted to order it, but they each had different methodologies of organization. She said the accountability and transparency issues were systemic. The audit was assumed within the context. They are topical areas directly related to each other. Economic Development is the context for much of it. Revenue Generation naturally breaks out into the strategy. The core services and how they will be defined leads into looking at different models.

Council Member Shepherd asked what kind of identity Staff wanted them to form around the permitting process. She said that if they were going to brand themselves they would need some assistance. She said that Palo Alto was lacking some of the community celebrations that other cities had.

Council Member Price asked if there was an economic development chapter in the Comprehensive Plan.

Council Member Shepherd said there wasn't exactly.

Council Member Price said the direction they were trying to go in was difficult to figure out.

Chair Yeh said that defining the mission of the Committee going forward was part of this process. He said that if they structured the Committee as a department by department review and prioritized by those results, that type of discussion could be a on-going priority for the Committee. He said that targeted spending was important.

Mr. Keene agreed that there was a missing piece that was difficult to articulate. He said that departments were not programmatic. He said determining how much the City should do was difficult. It was sometimes difficult to choose the effective tasks over the expected tasks. He talked about the price of government and what people are willing to pay for services.

Council Member Shepherd said that in order to pursue economic development the government needs to step aside while at the same time they have to encourage fundraising for non-profits. She said that giving some of the non-profits a little oversight over some areas of government could help alleviate some of the angst the community has.

Council Member Holman added that they should structure the workplan somehow. She said she was still trying to determine a good way to give Staff some guidance for deliverables.

Council Member Price said that Staff will keep doing the work one way or the other.

Council Member Holman agreed and suggested that the government can't step aside.

Council Member Shepherd agreed but said they have to be visible but not stand in the way of progress. If someone is trying to open a new shop, government should not stand in the way.

Council Member Holman agreed that the permitting process needed to be fixed but cautioned that Palo Alto was not a free market society and never had been. She added that Transparency, Accountability, and Oversight needed an overarching principle.

Council Member Shepherd said in a successful year Staff wouldn't have to save any money because they are already doing things right. She said the challenge needed to be to already be efficient.

Council Member Price said that being efficient with values was critical, because one could be efficient and inhumane.

Mr. Keene said that continuous improvement doesn't just apply to government. Innovation is applicable to every business. The difference is that we serve competing customers. Half of the city is trying to stop the other half from doing stuff and they are all telling us what to do. He said, regarding City Finances, he asked if there needed to be a visioning discussion.

Council Member Shepherd said they were a jobs generator. This needed to get figured out. She wanted to know if it was the City, the Council, or a task force that did that.

Mr. Keene said he thought the Council should have some input. He said having a strategy on economic development would be movement.

Council Member Holman but it still would depend on what economic development is. She asked if that meant retail or a mix of retail? Is it big box stores?

Council Member Shepherd said that decision had already been decided. She said how the money was spent was the core of operations.

Mr. Keene suggested that they act as a policy formulation and advisory group around different City services. He said that as they were hiring an Economic Development Manager, Staff had been discussing what that meant. Getting feedback from the Policy and Services Committee is helpful. He said that economic development had to do with land use as well.

Council Member Shepherd said she spoke with someone that was discussing how they developed their community from a walkability standpoint.

Mr. Perez said there were a lot of actions in the work plan, and there was no way for Staff to complete it all. He suggested the Committee focus on priorities. He suggested that some areas of town were dated such as the Stanford Shopping Center. He was concerned about areas such as Valley Fair and their ability to attract customers away from Palo Alto. He said the focus, from his standpoint would be from a financial perspective. He said citizens have asked him why there isn't music downtown, or something that brings more interaction.

Council Member Price asked if Staff thought they were competitive.

Mr. Keene said he thought Palo Alto was different. The issue is Palo Alto is built out, so regeneration is critical. He said that California Avenue was a good opportunity for arts and entertainment. He agreed that Stanford Shopping Center was eventually going to be in trouble.

Council Member Shepherd asked who's job it was at the Center to update that.

Mr. Keene said that the market doesn't influence without governmental cues. He said the more they had a vision, the more opportunities will come in.

Mr. Perez said Palo Alto had an advantage with Stanford University being here. He said the challenge was to get them to use the businesses once here and attract the right kind of businesses.

Council Member Price said that finding the different markets was important. The peninsula had many competing markets. Reaching the tipping point is an important consideration, and how our new business relates back to our neighbors.

Council Member Holman said an overlooked part is often freshening up the town to make it more desirable to retailers. The Planning Commission had started discussing another neighborhood center on South El Camino. Perhaps this committee could be used to draft some of those ideas.

Council Member Shepherd said freshening things up didn't have to be spectacular it just has to work. She said that fiber optics was a fact of life these days and should be completed. She also mentioned the Youth items being included in considerations as they return when they grow up. She said Palo Alto had no college town flavor.

Mr. Keene said that could be recaptured.

Council Member Price said it wasn't a lack of ideas.

Council Member Holman said the issue with Destination Palo Alto was that it didn't promote what they had here. There are lots of permanent businesses here that are great.

Council Member Shepherd agreed that what Palo Alto has could be made a lot of fun.

Chair Yeh said, regarding the workload, that determining visions of things like California Avenue might not really help Staff that much. He said the priorities have gone from systems to talking about topics. There would be a natural ability to sustain that conversation. He said the Committee was committed to not overburdening Staff. He asked if Staff still wanted them to be a resource for determining what is necessary.

Mr. Keene said that some good has already come about. Planning by departments hasn't kick off yet. He said his vision would be to come to the Committee and talk to them when it's appropriate. He said another role for the Committee could be determining where the emphasis could be. He said that engaging back with the community was more powerful when it came from the Committee.

Mr. Perez said his concern was changing the structure of the workforce. Some talent was being lost and some loss of historical information will go with them.



If there was a message from the Committee that addresses the vision, it can help Staff lead the organization.

Council Member Price said it was a two way street. Staff had a better understanding of their capacity. She said that tangible projects are helpful.

Council Member Holman said they could have Code Enforcement do a clean sweep down University to eliminate all the illegal signage. She said there was one business that sometimes had four illegal sandwich boards.

Mr. Keene suggested that the Leadership Team identify five or six items that could come to Policy and Services for a conversation. He suggested items such as Emergency Services that would be a combination between vision and implementation.

Council Member Price said that the budget was a policy document, and it had to relate back to all the conversations about services and the priorities.

Council Member Shepherd said that if the outcome is to boost resources we have to do the work to get there. She asked if it would be useful for the Committee to cycle through some of the Leadership meetings. She wanted to know if the process was going to be asking the voters for more revenue or looking for more places to cut.

Mr. Keene said the Council had policy decisions to make.

Council Member Shepherd said a ballot initiative in November is concerning too as they discuss whether or not to go to voters. Economic development was the answer.

Chair Yeh said that Emergency Preparedness did retain all the strategies. He wasn't sure that there was anything to remove.

Council Member Holman suggested some of the categories could collapse. And she reiterated that she wanted Transparency, Accountability, and Oversight higher on the list. Language should be reviewed at the very bottom of the list.

Council Member Shepherd asked if they had to do Business Needs - Child Care. She said that she wasn't sure what Connecting to Existing Studies meant.

Mr. Keene said that when the ultimately go the Council they needed something identifiable.

Mr. Perez suggested they could come back with a Finance Outlook as they set the budget strategy in place.

#### 4. Discussion of Upcoming Meetings and Topics

Council Member Yeh said that at one previous meeting they had discussed wrapping-up the workplan and finalizing the motions at the next meeting.

Council Member Shepherd asked if Staff was hiring an Economic Development Manager and if Staff wanted any guidance from the Committee.

Mr. Keene said they were most likely done with the interview process and didn't require any guidance at this time.

Council Member Holman asked about the follow up to the colleague's memo about CMR release and late submittals. She also asked about Council Policies and Procedures. She said both items had come to the Committee but had not come back yet.

Mr. Keene said it was on the rolling agenda so they would have to see when it was coming up again. He wasn't sure if the colleagues memo was scheduled or not and asked Ronna to follow up.

Council Member Shepherd said she noticed Donna was coming to the next meeting and assumed that was for the Policies and Procedures.

Council Member Price asked if it was too early to discuss the Service Delivery Model. She could give materials to Staff if the timing was ok. She thought it was rolling into the next agenda.

Council Member Holman said that the Planning Commission kept a list of upcoming agenda items on their agendas. She said it could be helpful for Policy and Services.

Council Member Price asked if they were still meeting on July 28<sup>th</sup> at 8am.

Mr. Keene said they were and a topic was Policy and Procedures.

Council Member Yeh said priorities wrap up on the 28<sup>th</sup>, Policies and Procedures may be ready that day as well.

Council Member Price asked again about Service Delivery and confirmed they were not meeting in August.

Lynda Brouchoud, City Auditor asked if they wanted to discuss the Fraud and Abuse Hotline on the 28<sup>th</sup>

Chair Yeh said yes.

ADJOURNMENT: Meeting adjourned at 10:30 p.m.