



POLICY AND SERVICES COMMITTEE

Regular Meeting
November 9, 2010

Chairperson Yeh called the meeting to order at 7:04 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Yeh (Chair), Holman, Price arrived at 7:54 p.m., Shepherd

Absent:

1. Public Comment

Tom Jordan spoke on behalf of the Palo Alto Neighborhood Association. He encouraged the Policy and Services Committee to consider enacting principles on conduct related to developer late submittals and land use priority.

Fred Balin spoke on his concern regarding the possibility of losing prior input captured at the July 29, 2010 Policy and Services Committee meeting, as it should be included in the Council Procedures and Protocols Handbook.

City Manager, James Keene stated the Policy and Services Committee had reviewed the Council Procedures and Protocols Handbook, and made their recommendations to the City Council. Staff was requested to return with the sections dealing with developer late submittals, a five day working window, and any additional input from the City Attorney. It was not the intent for the Policy and Services Committee to revisit the entire Council Procedures and Protocols Handbook.

Council Member Holman inquired whether the Council Procedures and Protocols Handbook could return as a complete package.

Mr. Keene stated yes.

City Clerk, Donna Grider stated the five day working window issue was previously incorporated into the Council Procedures and Protocols Handbook, and would not be revisited.

Assistant City Manager, Pam Antil requested to move Agenda Item No. 3 forward to be heard before Agenda Item No. 2.

~~2. Discussion of Policy and Services Committee (P&S) Role, Annual Schedule, Retreat, and Priorities Cycle.~~

3. Community Public/Private Partnerships

Acting Community Services Manager, Minka Van Der Zwaag spoke on the Council adopted Public/Private Partnership Policy that established three types of collaborations: Co-sponsorships, Alliances, and Joint Ventures. With co-sponsorships, the mission of both the City and that of another organization were supported by the sharing of resources for a specific event or series of events. Alliances were established with organizations which exist solely to support a City program. Joint ventures were contractual agreements between the City and an organization with an independent mission where both parties contribute toward a partnership for mutual benefit. In addition, there were relationships between the City and nonprofit organizations that were entered into informally to assist or engage City programs and services for the community. Large or formal groups warranted special consideration. She spoke on a matrix that overviewed the City's various public/private partnerships and whether they had a formal or informal relationship with the City. Staff attempted to anticipate current and emerging needs, develop further relationships with nonprofits, and look for new contacts within the community.

Director of Community Services, Greg Betts stated public/private partnerships were representative of organizations that participated in fundraising, and may generate money, coordinate volunteer services, or seek grants that were specifically geared towards nonprofits. He spoke on the benefits of public/private partnerships in regards to the planning process of new programs. Public/private partnerships may change due to staff changes within the nonprofit organization and community needs.

Chair Yeh stated examining public/private partnerships came about during last year's budget process. The budget process caught some of the City's private partners off guard. He felt the City should form a strategic policy regarding public/private partnerships. It was his belief the matrix was a good step in this direction. His intention was to analyze how the City was funding nonprofit agencies and engaging in conversation with them.

Council Member Shepherd spoke on her appreciation for Staff's time in gathering data for the matrix. Private partners were being asked to contribute more. She spoke on her concern that sometimes there was a focus on this endeavor, and other times a lack of focus. The matrix stated the current funding for the Friends of the Children's Theatre was \$80,000.

Ms. Van Der Zwaag stated the \$80,000 was the annual support given to the City by the Friends of the Children's Theatre.

Council Member Shepherd inquired whether a column could be added, to the matrix, on the City's allocation to private partnerships. She suggested this column be written as a line item or budget item.

Ms. Van Der Zwaag stated yes.

Council Member Shepherd stated Neighbor's Abroad was not listed on the matrix. She inquired what type of collaboration this relationship would fall under.

City Manager, James Keene stated the matrix was a listing of Community Services Department (CSD) partnerships.

Mr. Betts stated the Neighbors Abroad partnership was recently adopted by the City Clerk's Office and therefore would not be a part of the CSD matrix.

Ms. Grider stated there were no funds allocated to Neighbor's Abroad.

Mr. Keene stated Staff could add nonprofits, from other City departments, to the matrix.

Mr. Betts stated some benefits given to private organizations were difficult to quantify, due to the value of office space, connection to the Local Area Network, and use of Staff phones and copy machines.

Council Member Shepherd stated Staff would not be expected to attach a cost to each item. She recommended adding to the matrix, how nonprofit agencies were organized, whether they had bylaws, and whether they filed 501C3 forms. She felt there should be some level of competency on how nonprofits organized themselves. She felt it was important to ensure the City was not exposed when partnering with these agencies. She spoke on working with nonprofits to help them step up their contributions.

Mr. Betts stated Staff was currently working with the various public/private partnerships and providing forums on volunteer recruitment/retention, regulatory issues, and grant information. He spoke on the potential of cross training with the various nonprofits to expand communication between them.

Ms. Van Der Zwaag inquired whether the Policy and Services Committee desired to see the smaller networking agencies, that Staff was involved with, added to the matrix.

Council Member Shepherd recommended adding the nonprofit agencies that had reached out to assist the City during this difficult financial time.

Mr. Keene inquired whether the Policy and Services Committee would like to add Avenidas to the matrix.

Council Member Shepherd stated yes. She spoke on the importance of having a firm commitment from private partnerships to assure donors that their funds were spend appropriately.

Mr. Keene spoke on his concern with the matrix becoming too large of a project. He suggested identifying issues and concerns such as funding continuity, funding rationale and funding competition. He spoke on the Policy and Services Committee's desire for earlier conversations with nonprofit groups to discuss changes in funding. He suggested researching future issues such as return on investments, a way to calculate the information, and the consequence of terminating programs. He suggested including non-City funding as part of the budget process. He recommended incorporating a visual chart to see the relative benefits and ensure the City was investing wisely.

Ms. Antil stated Page 3 of the Council Policies and Procedures Handbook addressed fundraising groups. She felt this section would be a good location for Council to designate requirements for the nonprofit organizations.

Council Member Shepherd spoke on her support for openness with nonprofit agencies in regards to overhead costs, contribution levels, and developing an organized and clean relationship. She inquired whether some public/private partnerships were part of the Cash Handling Audit.

Mr. Betts stated the Friends of Children's Theatre and Friends of the Palo Alto Junior Museum & Zoo were included in the Cash Handling Audit.

Council Member Shepherd spoke on the importance of auditing the public/private partnerships. She felt it was important not to repeat the issues raised by the Children's Theatre audit.

Chair Yeh stated Staff was in the process of revisiting the criteria defined in the Request for Proposals for the Human Service Resource Allocation Program (HSRAP). He inquired whether the City viewed public/private partnership funding as general program funding or target-specific program funding.

Ms. Van Der Zwaag stated the HSRAP established broad funding requirements. HSRAP funding was not locked into a specific cause, and nonprofit agencies were flexible on what funds could be spent on. The City required quarterly reporting and performed site visits. Staff was seeking direction from the

Council and other departments with regard to HSRAP funding being used on areas that were of concern.

Chair Yeh inquired whether nonprofit agencies, which were funded through HSRAP in the past, worked collaboratively.

Ms. Van Der Zwaag stated there were some nonprofit agencies working collaboratively. She spoke on a collective group called Off the Streets Team that encompassed groups that dealt with homeless issues. HSRAP forums were designed to bring together all HSRAP grantees. She stated there was a nonprofit convening body of executive directors that met to discuss regional nonprofit issues. There was current funding within HSRAP to expand collaboration within Palo Alto. She was unclear whether the Human Relations Commission should play a role in coordinating nonprofit groups.

Chair Yeh stated a reoccurring issue voiced from nonprofit groups was about who could bring them together to collaboratively discuss issues. He stated Silicon Valley Council of Nonprofits was located too far South to be pulled into Palo Alto's network.

Ms. Van Der Zwaag stated the bulk of North County funding went to the City of San Jose. She stated nonprofit agencies in Palo Alto felt isolated.

Chair Yeh stated his primary concern was how some nonprofit agencies responded to potential cuts in funding from the City or potential fee increases. The question was how nimble the City could be with nonprofits. He questioned the sustainability of the City's role in Project Safety Net. He stated HSRAP had \$285,000 allocated to competitive funds, and \$825,000 allocated to sole-source funding.

Ms. Van Der Zwaag stated the \$825,000 was primarily divided between two agencies with one receiving a small portion as a unique provider.

Chair Yeh clarified the RFP process would impact the \$285,000.

Ms. Van Der Zwaag stated that was correct.

Chair Yeh inquired whether the entire funding amount for public/private partnerships should be viewed as the denominator rather than the \$285,000. He asked Staff whether there was a need for the City to take the role as convener.

Ms. Van Der Zwaag stated over the next few years the Human Relations Commission (HRC) would be performing a detailed community needs

assessment. She stated nonprofit agencies would be asked to participate and provide assessments of what they felt their needs from the City would be.

Council Member Holman stated it was helpful to embrace the public/private partnership discussion outside of the budget process. She spoke on the total volunteer hours for all of the public/private partnerships. She recommended adding Avenidas to the public/private partnerships matrix. She supported the use of 501(c)3 forms in the criteria. She recommended a column, on the matrix, to differentiate capital projects and program projects, page numbers, and what the City's funding was for each nonprofit agency.

Ms. Van Der Zwaag asked for clarification whether Council Member Holman was requesting a budget line item or a non-currency support.

Council Member Holman stated both types of line items would be preferred. She stated some things could be measured in dollars and some could not. She spoke on the City's obligation and responsibility to run an efficient City. She supported the idea of bringing nonprofit organizations together for volunteer share opportunities.

Mr. Betts stated volunteer networking had been done for the Senior Games. One of the benefits of the process was the creation of a volunteer database.

Ms. Van Der Zwaag spoke on the lack of interaction in some cases seen in HSRAP grantees.

Ms. Antil confirmed the role of the City needed to be appropriate in facilitating the public/private partnerships by making the matrix available to all of them and ensuring their awareness of one another. As the economy steadies itself there were other agencies Palo Alto could partner with.

Council Member Holman requested having totals at the bottom of the matrix indicating volunteer hours, capital and program funding dollars. She stated if the City was considering funding cuts in the upcoming years it was going to become more difficult for the community to sustain programs due to the choices needing to be made by community members on where to donate funds to. She noted there were a number of open store fronts in the City and there were organizations that could utilize the space. In an effort to assist both the property owners and the organizations the City could discuss options on how the two parties could coordinate to help each other.

Council Member Price asked whether the suggestion was Below Market Rate (BMR) type of situation where a nonprofit organization could work with a property owner to negotiate a BMR type of opportunity.

Council Member Holman stated the situation could be a BMR situation or donated space. Stated there were property owners who had no tenants available to occupy the premises due to the economic times and others who had available space while they were waiting for the proper amount of rent for their building. She noted the gaps in occupancy could be filled temporarily with nonprofit organizations.

Council Member Price stated there were times were the empty store fronts were occupied by art galleries or other opportunities that gave the appearance of occupancy.

Council Member Holman stated it was to the advantage of the property owner to have occupancy or activity in their store front.

Council Member Price wanted to clarify the concept of a registry of nonprofits. The City would not be the repository for their hours of contributions or purpose, the City would be involved more on a global basis.

Ms. Antil stated the Policy and Services Committee had asked, in response to the matrix, to add two columns, one representing the contributions the City received, and a second column representing what was provided by the City.

Council Member Price confirmed the columns showed an understating of the process.

Ms. Antil stated yes, for the purposes of understanding the information on the matrix and then once the information was final the goal was to share the information with all of the organizations in order to verify each agency was aware of what the other could provide to them.

Council Member Price stated the City would provide the information to the organizations so they could use the information to better acquaint themselves with one another.

Council Member Shepherd stated there were new models on how nonprofits could receive funding. She felt if executive officer's of the organizations who were in the process of fund raising could assemble as a group so they could discuss their processes.

Ms. Antil stated there was not a Staff member who was familiar with the ins and outs of the nonprofit field. There was a suggestion to bring in an outside company annually to hold a seminar or training for the organizations that partner with the City to review what was expected of them and what could be expected from the City.

Council Member Price stated Compass Point was an outside facilitator who performed those types of presentations. She asked what the role of the City was to assist, guide and support their partners when there were companies who possessed this type of expertise. She stated it needed to be defined what the achievement would be and leveraging it.

Chair Yeh stated Staff had mentioned a 2-year process. He asked what the expectations were during that timeframe.

Ms. Van Der Zwaag stated the first step for the HRC was to assess the needs of the community and to determine what the nonprofits had done in the past with the HSRAP funding.

Mr. Betts stated to simplify the idea Staff had envisioned, there would be a fair type of scenario. There would be guest speakers, information on the HSRAP process, vendors who specialize in fund raising, mixer event, invite people from numerous organizations, have break-out groups surrounding different topics; environmental, children, emergency preparation.

Chair Yeh stated the message he had been hearing was the nonprofits wanted to be convened. There were costs associated with that practice and the direct funding to the individual organization would be decreased to fill the costs.

Ms. Van Der Zwaag stated she was interested in seeing the number of groups that would be interested with the processes of convening once they were aware of the costs associated.

Council Member Shepherd stated her interest in some organizations that were Palo Alto specific which were not listed in the current matrix. She stated partnering included being honest with all of the expenses. The organizations would be better served with sufficient knowledge as to the full costs of their services.

Council Member Price suggested a focus group meeting with a sample of people from different organizations to determine what their critical challenges were. She stated the focus group would be an expedited way to receive the most accurate and updated information and needs then frame the problems and develop solutions.

Council Member Holman agreed with the concept of a fair although she felt there were a number of community members who had the capabilities to organize such a fair without City involvement. She noted all of these organizations were filled with riches they were sharing with the entire Palo Alto community although there was a lack of open communication between

themselves or the City. She felt the fair could potentially open a new world for all concerned.

Chair Yeh asked how the needs assessment would tie back to the policy.

Ms. Van Der Zwaag stated the HSRAP needs assessment was functioned to determine two areas; the physical needs such as homelessness or childcare and the general needs of the nonprofits.

Council Member Holman stated that organizing the nonprofits by category or function would provide a clearer view in a more efficient manner. She mentioned multiple organizations working on a similar or single goal to become aware of one another the opportunity for a merger was greater.

Ms. Van Der Zwaag agreed and mentioned a support network for battered women's organizations recently merged with the YWCA.

Council Member Shepherd stated she was interested in seeing the next step in convening the nonprofits and Friend's groups in Palo Alto acquainted with one another. She appreciated the fair concept although felt the Palo Alto specific groups may be lost in the mix and not receive the necessary connection with the other group or groups that might be working on similar goals.

Chair Yeh asked for Staff's thoughts on what the next steps were and how to move in that direction.

Ms. Van Der Zwaag stated bringing nonprofits together was more of a focus on behalf of the City organization. She felt the next step would be to learn what was appropriate for Staff or the City to take on or not to take on.

Mr. Betts agreed the first step should be a focus group to determine what would be helpful or beneficial to provide at a fair.

Chair Yeh stated the Committee should make a statement about why there was a priority placed on specific nonprofits.

Council Member Shepherd asked about community friends fundraising. She felt that sharing the financial struggle of City programs with the public/private partners their understanding would be increased and their drive for assisting would be greater.

Chair Yeh stated it was important to not set false financial expectations with any of the groups or organizations. He was in favor of the focus group to determine of the needs assessment and thought during the process the City

needed to refrain from budgetary cuts in order to provide the necessary time to complete the process.

Council Member Price stated the nonprofit organizations and Friend's groups were aware of the financial strain the City was in and the economy. She felt acknowledgment in the beginning of the conversation with the groups recognizing there were different processes being performed due to the economic foundations being fundamentally changed there may not be as much of a shock as expected.

Mr. Keene stated the amount of direct funding the City had was probably fairly static. He felt the nonprofits were aware there would not be a large sum of funding from the City at least for the next five years although their thought may be to maintain the current funding level having been provided to date. He stated the concerns the community had were based on capital campaigns that involve fundraising which was often something people could get geared up to do. He stated the City needed to verify whether their policies were aligned to take advantage of and facilitate that effort. He suggested rethinking how the Capital Improvement Program's (CIP) were done. He asked what the changes to the current processes were for the people who were funding services or were performing tasks that could possibly just make things easier or may not cost the City a lot of funds.

Council Member Price stated the City had involvement in the operating and programmatic support but not in capital campaigns with nonprofits.

Mr. Betts stated there were projects such as Lytton Plaza and the Art Center where the City had a defined percentage of the project that they fund.

Council Member Price stated she understood and stated the City provided soft money and not what would be considered bricks and mortar money.

Mr. Keene stated that was correct. The City provided cost sharing.

Council Member Shepherd stated having the discussions prior to the budget cycle would create a clearer vision of where the funds were. She stressed the importance of the gifting policy being in place.

Ms. Antil stated opening a dialogue with the key players in the nonprofit arena and asking the most important question of other than monetary assistance, how the City can be of assistance would be beneficial. She stated the City could suggest to the organizations to partner, share resources and see if there were synergies the organizations could create amongst themselves if they were competing for the same financial assistance. She noted in the subcommittee session she attended there was a concept discussed regarding organizations

with the capacity to create high amounts of fundraising receiving less monetary assistance. She suggested bringing the policy forward for discussion amongst the focus group as a way to involve them and let them know the direction the City was taking in respect to funding thereby being able to have an open policy discussion with them.

Council Member Holman stated there were projects on the CIP list where private parties could accomplish a better result than the City. She stated the CIP process was treated as a confidential document that was not tracked by status updates or progress reports. The process needed to be changed to benefit both the City and the public.

Council Member Price asked whether the Infrastructure Blue Ribbon Commission (IBRC) would be touching on the Public/Private partnership funding concept. She felt their function was to review the CIP projects and structure and therefore reviewing the CIP policy made sense.

Mr. Keene stated at the present time there was nothing outside of their purview although that specificity had not been solidified. He noted there were amazing Public/Private Partnerships in the City. He suggested a direction where there were specific values and performance criteria the recipients receiving funds were required to sustain. Their performance would determine whether the recipient should continue to receive funding based on their performance.

Council Member Shepherd asked whether the IBRC would be reviewing projects such as Cubberley and whether or not there were infrastructure issues. She stated a policy implication could be to express a percentage amount of budget cuts and the length of time those cuts would be occurring and suggest they build that knowledge into their budgeting.

Mr. Keene stated that was correct.

Chair Yeh stated if there was the addition of a focus group, the Council Retreat would be the appropriate time to discuss funding models. He stated if City Finances continued to be a Council Priority he believed Public/Private Partnerships would be a concern that needed to be addressed.

Council Member Holman stated if the discussion was going before Council and the public at the Council Retreat there needed to be a representation of both sides, what the City was doing to generate new revenues and operate efficiently.

Council Member Shepherd asked for clarification on whether the focus group concept was County wide or City inclusive. She reiterated her concern the City

nonprofit organizations may be lost with the large number of groups within the full County.

Ms. Van Der Zwaag stated it depended on who was convened. She stated the grantees for HSRAP had the criteria of being required to serve Palo Alto, however, there were a number of non-HSRAP grantees that would be considered key players in the nonprofit arena. She noted a focus group of more than 8 – 10 people loses its framework.

Chair Yeh stated he was comfortable leaving the details of setting up the focus group to Staff. He asked what was seen as the next steps.

Council Member Shepherd stated there were two different approaches to nonprofits. There was asking for funding to take care of social needs and raising funds to solve a situation.

Council Member Price asked whether the focus group was being seen as it related to the HSRAP program or something else. She asked how the matrix related or did not relate to the HSRAP process.

Ms. Van Der Zwaag stated there could be a convening of solely HSRAP grantees to discuss the City's declining budget and discuss how to partner together and see what their needs were from the City. The meeting could also include the groups who were raising funds for City projects. Or just nonprofits in general who have been meeting community needs in Palo Alto.

Council Member Price asked from the Staff's perspective; if there was the beginning of defining the issues, what was the take away for the first phase. She asked who would be the make-up of the focus group; recipients of funds or a larger group of nonprofit service providers. She asked what would be the most efficient use of time to retrieve the type of critical information needed to move forward.

Mr. Betts suggested beginning with the HSRAP recipients which were the groups who had the most impact in the City.

MS. Van Der Zwaag stated the first step with HSRAP was taken by them completing the needs assessments in late August early September.

Council Member Price stated assuming there was limited time and resources; the needs assessment was leverage and a source of information that was useful.

Ms. Van Der Zwaag stated a question that would be brought to the table from the smaller organizations would be when or if the bulk of the distribution would be opened to them.

Mr. Betts stated groups such as Avenidas, Second Harvest and Palo Alto Community Child Care (PAC) which were sole sourced and would there be an interest in not being sole sourced.

Ms. Van Der Zwaag stated the question she was frequently asked was what type of policy direction was the Council giving for the distribution of 2/3 of the funds.

Chair Yeh stated that question was a perfect example as to the suggestion of bringing this forward at the Council retreat. There was a need to determine which type of model would best suite the smaller organizations and benefit the larger ones too. He stated there was rationale behind reducing funding for a group which had the capability to produce or raise their own funding. He proposed a calendar type of system to track the different groups and their progress with funding continuity.

Ms. Antil stated there was a question with regard to whether or not there was a process for the amount of funding given to an organization during its first, second and third years then a predetermined percentage for the remainder of their program. She asked Staff to explain what procedure other cities may use.

Ms. Van Der Zwaag stated the information she received was not definitive and she did not feel it was sufficient for presentation to the Policy and Services Committee.

Ms. Antil asked for Staff to verify what type of funding scale other cities utilized.

Chair Yeh felt pertinent information regarding how the City could help the nonprofit organizations work with the City would lead to a rich discussion among Council.

Council Member Holman mentioned Destination Palo Alto and how its purpose was to devise ways to promote visitation to Palo Alto opposed to focusing on special events. She stated Palo Alto did not do a sufficient job at self promotion or promoting its nonprofits. She stated there were ways the City could recognize nonprofits through awards and accomplishments. Promoting the nonprofits would increase their esteem which in turn would raise their ability to fundraise.

Council Member Price stated the goal of the discussion was to ensure it associated with the Policy and Services Committee's focus areas such as youth wellbeing and economic goals.

Chair Yeh clarified the discussion was leading to three separate focus groups including infrastructure and capital. There were two groups in the capital category, those who were raising capital and those who were receiving funds from the City.

Council Member Shepherd asked which group the Children's Theatre fit into.

Ms. Van Der Zwaag stated the Children's Theatre did not receive HSRAP funding.

Council Member Shepherd asked how there could be a balanced parallel of who received HSRAP apart from General Fund funding. The sooner the City Manager received the information the earlier he had the ability to explain where the City was with regards to the finances. She stated the Children's Theatre was receiving a \$1 million subsidy from the General Fund and felt it was an important matter that needed clarity.

Mr. Betts clarified the program was at a cost of \$1 million, the group was not receiving that amount.

Council Member Shepherd stated she had spoken with the Board President of the Children's Theatre who mentioned her interest in working with other Director's to see how they could assist the City by nursing themselves off of City assistance.

Ms. Van Der Zwaag stated there were groups who were involved in doing a capital campaign of which a number of them were not on the matrix then there were groups contributing major parts of funding for programs. There was not a manner of always intertwining those two types of groups. She requested clarity from the Committee as to what was of interest, or if both were equally important.

Council Member Price stated the earlier discussion was for the first round to be that of recipients or potential recipients. She suggested drawing on the expertise of the leadership of those organizations. There was a separate discussion regarding Public/Private Partnerships related to capital campaigns which was related to the CIP and bricks and mortar types of projects.

Chair Yeh stated at present there was ground work for a potential Motion for different focus groups. He stated the first focus groups would be HSRAP the second being capital fundraising and the third being nonprofits in general. His

understanding was there might be a desire for a General Fund funded focus group.

Council Member Price stated there were two separate sides to each group, a recipient side and a giving side. She asked which side Chair Yeh was referring to as the third focus group.

Chair Yeh stated the framing was that of the groups who impacted the General Fund.

Council Member Shepherd stated the groups who were involved in the General Fund were the ones in jeopardy since they could be cut without process.

Mr. Betts clarified the Children's Theatre group was giving funds to the City not the reverse.

Mr. Keene stated his suggestion for the third focus group would be to create a quick policy at the Committee's directive that would deal with the groups that contributed funding early on and get the Council to direct Staff to work with the groups early in the next budget cycle in order to provide a vision of where the City was financially. He stated Staff was capable of holding budgetary discussions with the groups in January of 2011.

Council Member Holman asked whether any of the groups being discussed were aware of the meeting occurring.

Mr. Keene stated he did not believe they were.

Chair Yeh stated if there was a general nonprofit focus group that would make four groups. He stated the potential Motion would read Staff would be directed to conduct focus groups with three different areas, the first being HSRAP recipients, the second being the partners that have capital funds and fundraising which would include Public/Private Partnerships and CIP's, the last category would be the General Fund funded both in providing funds and receiving funds. The second part of the potential Motions would read for options to be developed for full Council discussion during the January 2011 Retreat.

Council Member Price suggested tying them to the existing Council priorities so there was a framework.

Council Member Shepherd suggested providing some information regarding the focus groups would be helpful.

Ms. Van Der Zwaag asked for direction on the timing of when the requested information would be desired.

Council Member Price asked if there was an estimated date for the Council Retreat.

City Clerk, Donna Grider stated the Council Retreat was anticipated for mid January 2011.

Chair Yeh stated preliminary information would be appreciated for funding discussions.

Council Member Shepherd stated the General Fund seemed to be the principal discussion when the Finance Committee meets and in the news papers.

Chair Yeh stated with the funding strategy discussion the General Fund would be brought into play.

MOTION: Council Member Yeh moved, seconded by Council Member Holman, that the Policy and Services Committee request that Staff, 1) conduct focus groups with HSRAP recipients, public private partners that are funded through CIPs or Capital Funds and fundraising, and entities that either provide funds to or receive funds from the General Fund, 2) develop options that are related to specific Council Priorities for the City Council to discuss at the Council Retreat in January 2011, and 3) return to the Committee with expanded categories of partnerships for the Council Retreat and January 2011.

Council Member Price asked whether there was a specific timeframe for Staff to return with the requested information.

Council Member Homan stated the preferred timeframe would be prior to the Council Retreat.

Chair Yeh stated they needed to receive the supplemental information for the Council Retreat.

Council Member Price asked when Staff would disclose the practices of other cities who may be handling similar situations.

Ms. Van Der Zwaag stated she could return with pertinent information by the end of November.

Mr. Keene directed Staff to work with Assistant City Manger, Pam Antil and connect with the knowledge base at ICMA and the Alliance for innovation.

Council Member Shepherd mentioned she had been informed the City of Campbell had a structured program Staff may want to look into.

Ms. Van Der Zwaag stated a number of the cities outside of the region and outside of the state that had been contacted informed her they treated each group individually. They expressed they utilized Memorandums of Understanding (MOU's) and boiler plates which were altered to fit each individual situation.

MOTION PASSED: 4-0

2. Discussion of Policy and Services Committee (P&S) Role, Annual Schedule, Retreat, and Priorities Cycle.

City Manager, James Keene stated Staff had combined the two items from the previous meeting in an effort to integrate them. He stated the proposal for discussion was designed to accomplish a number of things. He clarified his understanding of what the Policy and Services Committee requested of Staff to prepare was 1) define the purpose as clarifying a work plan for the Committee on an annual basis, 2) to create a clearer relationship with the Finance Committee and the budget process, 3) have a venue to create policy change and organizational improvement, 4) achieve identifiable results within a given year with linkage to Council priorities, and 5) be mindful about connecting the end results and the understanding the capacity. He suggested a division into three areas of discussion 1) redrafting the role and purposes of the Policy and Services Committee and 2) link the process to an annual schedule. He noted there was a separate discussion for the Council Retreat inclusive of clarifying Council Priorities, strategic initiatives and guiding principles and values. He confirmed the City Council adopted the Policy & Services Committee recommendation to have two-year priorities with the provision the recommendation return to the Committee to determine when the two-years would begin. Staff suggested the Committee tie the priorities workplan to the fiscal year in order to be connected with the City budget cycle. He stated there needed to be a definition for a priority and a process of how an item becomes a priority. He stated if there were between three and five priorities taken on within a given period that would be a major accomplishment for Policy and Services.

Council Member Price stated she agreed with the fiscal year cycle and asked whether the Council Priorities were weighted. She stated in the research phase of identifying priorities, there needed to be an understanding of the resource impacts to Staff. In reference to the Staff Report, she requested the following language: The purpose of the Policy and Services Committee is to regularly review and identify important community issues and City policies and practices with a focus on ensuring good policy and best practices, as feasible, in relation to those issues and organizational needs. A particular focus of the Committee will be to ensure that the City organization is responsive to and effective in

regard to those issues as much as possible, and aligned with community values and City Council priorities.

Mr. Keene agreed to her changes.

Council Member Holman stated it was important for the role and purpose of the Policy and Services Committee to match what the Municipal Code had laid out as the specific outline for the Committee. She noted the purpose of the discussion was not to alter the Municipal Code as much as it was to define what had been written.

Council Member Price stated the Municipal Code language appeared to be incorrect regarding to the role of the Committee.

Mr. Keene explained the Municipal Code language was vague in its depiction of both the Policy and Services and Finance Committees.

Council Member Holman stated her goal would be to maintain consistency between the Municipal Code language and that of the role and purpose documentation.

Mr. Keene stated there was no consistency between the two documents. He felt the Municipal Code was used as an example for the role of either Committee.

Council Member Holman clarified Staff's proposed language on the Staff Report was a good start. She requested the following changes be made: The purpose of the Policy and Services Committee is to regularly review important *City policies and practices and community issues* with a focus on ensuring good public policy and best practices,. A particular focus of the to ensure that the City organization is responsive to and effective in regard to those issues as much as possible, and aligned with community values and City Council priorities.

Council Member Shepherd felt the purpose of the Committee was to identify community issues; therefore, she did not feel City policies and practices should be placed before community issues.

Chair Yeh stated he agreed the community issues should remain before City policies and practices.

Mr. Keene asked for clarification from Council Member Holman on the requested changes for the following sentence: A particular focus of the Committee ~~will be helping~~ is to ensure that the City organization is responsive, ~~to and~~ effective in regard to those issues as much as possible, and aligned with community values and City Council priorities.

Council Member Holman agreed to the changes.

MOTION: Council Member Price moved, seconded by Council Member Shepherd to adopt the Committee role and Purpose Statement as amended: The purpose of the Policy and Services Committee is to regularly review and identify important community issues and City policies and practices with a focus on ensuring good public policy and best practices. A particular focus of the Committee is to ensure the City organization is responsive, effective and aligned with community values and City Council priorities.

MOTION PASSED: 4-0

Mr. Keene stated in the Committee Annual Schedule and Work Planning he asked if the Committee agreed with the timeframe Staff had broken the two-years into.

Council Member Price stated her concern was the draft budget was essentially in motion during the March/April timeframe. She stated in terms of the Committee's timeframe the process needed to begin in October.

Deputy Director of Plans and Communications, Rob Braulik stated the proposed cycle placed the Committee ahead of the beginning of the budget cycle.

Mr. Keene stated if you were at the beginning of a new Council priority cycle, they would need to be identified in the January timeframe due to the Council retreat. He clarified he would still be meeting with Department Heads regarding the budget in March. He stated there would need to be parallel events with the budget preparation and the Council Priorities. He noted the goal would be for the Staff budgeting to reconcile with the tentatively identified outcomes of the Council priorities.

Council Member Price stated the timeframe would be tight but attainable.

Mr. Keene stated yes. The thought process would be if there were five priorities, to identify three to five action steps under each one of the priorities. Stated in response to the earlier question regarding the weighting of the priorities, the identified action steps would determine the weighting of each item.

Council Member Shepherd stated the second paragraph under the Committee Annual Schedule and Work Planning it indicated Staff would develop a work plan and action steps. She stated her concern with that process and noted the 2010 year the same steps were to be taken and was not completed. She asked for an understanding of the mechanics on how to not repeat the dysfunction of the 2010 year.

Mr. Keene stated the proposed process was different than the previous one. The Staff would prepare a work plan connected to the Council priorities opposed to a work plan for all of the City projects. The concept of a priority was not all that would be accomplished in a year it was the focus points to what the Council wanted to ensure was accomplished.

Council Member Shepherd stated the matrix document was divided into the five priorities. She asked what happened with it.

Mr. Keene stated the Committee was a subset of the Council and as such the function should be that of a board and not as Staff of the City. The reason the matrix covered all of the aspects of what was or could be happening throughout the City was to show the Committee the actual work load.

Chair Yeh stated he was interested in hearing Staff's perspective regarding the structure of the Policy and Services Committee. He suggested the Committee was too engaged to be helpful in the Public/Private Partnership discussion. He said it was important for Committee Members to feel a sense of ownership. The matrix could be reformatted to give the Committee three items to discuss, but the rest could be left to Staff to manage. Staff had advised again Committee Members crossing into the role of Staff Member too much.

Mr. Keene stated Staff could identify in one priority area five initiatives for the upcoming year. He stated the idea of the priorities was to take the whole of the City budget and compress it into five thematic areas and within those areas identify things they were expected to achieve.

Chair Yeh stated his concern was when there were more options being presented, choosing one over the other gave the impression one was not as important as another. He felt that type of conflict did not lead to a healthy dialog.

Chair Price stated the proposal made sense on a global level. Staff was looking for the Committee's guidance on the issues that had initially been identified. Unfortunately at times there was so much detail there was no starting point.

Mr. Keene stated not to focus on the number of accomplishments but rather the magnitude of them.

Assistant City Manager, Pamela Antil stated there needed to be a discipline in choosing the priority level. There were a number of items to be accomplished and they were all important but there was only so much time in a given year. Staff recognized there were mistakes made in handling the 2010 priorities and the process had been changed. The goal for Staff was to present to the full

Council the entire list of options, have the Committee prioritize the list and present the shortened list to the full Council as the Committee priorities.

Council Member Price stated there was no discipline either with the Committee or the Staff; therefore, both sides continued to waffle back and forth.

Council Member Shepherd stated she did not understand why the City had the See-It site. She agreed it was an interesting site to watch although it was not kept up-to-date.

Mr. Keene stated the lack of maintenance was a separate issue.

Council Member Shepherd stated regardless of the reason, the question remained why it was still a City function. She stated if the City and the community were functioning without the site then why was it still on the list.

Council Member Holman stated there were priorities set by the Council and subsets to those priorities. She noted the Committee did not have the authority to prioritize the subset or the priorities since they were chosen by the full Council. She stated she hoped discussing the priorities at the Council retreat would assist in the Committee's selection process.

Chair Yeh noted there were nine members on the Council and by nature the list of priorities was consistently going to be long. He stated over the past three years the Committee had not been the destination of priorities. He reiterated if there was an item or issue a Council Member were passionate about the way to get ownership of that project was to be a part of the Policy and Services Committee because they were the subcommittee driving the momentum forward.

Mr. Keene stated the Committee did not need to complete the work plan for the priorities. He stated the Committee could determine how they wished to set-up their three to five items over the course of a year that was strategic or impacting. In order for the priority setting to be taken seriously there needed to be a structure surrounding the projects or services considered a priority and a reporting structure at the end of the year.

Council Member Shepherd stated the Policy and Services Committee had the potential to be a dynamic part of the City and be a policy setter; however, at the present time the Finance Committee appeared to be the policy setter. She stated the projects being reviewed by the Committee during the current year should set the measurement for the upcoming year.

Council Member Price stated she felt Staff was trying to be responsive to the requests of the Committee. The issue she saw was the Committee continued to

request more and different information. She stated she appreciated the layout of the matrix and felt it could be an efficient use of the Committee's time. The question was how to use the matrix to gain the traction and maintain the momentum to meet the deadlines.

Mr. Keene stated if the Committee wished to continue with the matrix system, there would be modifications made to accommodate the time structure. He suggested the Committee bring forward to the full Council three main strategies and out of the five priorities to help shape the upcoming year. He stated the first step was to identify the direction of the topic to determine which ones were of more importance for the Committee to focus on. The goal of the Committee was to pick their three to five key projects and focus on them.

Council Member Holman stated Staff needed to provide input on time constraints for the projects on the matrix to assist the Committee in making a selection. She noted a concern she had was there were no benchmarks or mid point check-in steps throughout the year. She broached the subject of whether there was a policy in place for leasing or selling City owned property, if so it needed to be clearer and if not the Committee should be the entity heading the process. The Policy and Services Committee should have a dynamic effect and influence on how the City ran.

Chair Yeh stated if a project was vetted by the full Council and was discussed at the Council Retreat, it would then be under the two-year priorities list. He asked if the Committee should weigh the projects in order to determine which one returned to the Committee first.

Mr. Keene stated the Committee had the authority to not choose an item from the priorities list or the matrix. There was work happening within the organization that project may not be on a list and the Committee may feel was of importance and needed their attention. He clarified what he was hearing was the goal of being on the Policy and Services Committee needed to be meaningful and appealing for the members.

Council Member Shepherd stated the Cubberley Community Center had the ability to be on a number of levels on the priority listings. She noted a perfect area to locate Cubberley would be the Public/Private Partnerships list. She stated there were natural priorities that occur and were usually from externalities. She wanted to ensure there was an understanding the full Council did the policy setting and therefore not every item needed to be filtered through the Committee.

Council Member Price asked what the Committee could do to compliment or assist Staff in their function. What were the outcomes from the Committee that could benefit the broader steps taken with the full Council.

Mr. Keene stated one reason behind a Council subcommittee was a division of labor to effectively manage the details of a discussion or project before presenting it to the full Council, thereby eliminating unnecessary time deliberating over the issues already discussed by the Committee. The second reason was the scale was more suitable and effective to hold a comprehensive discussion inclusive of Staff and the public..

Ms. Antil stated the prevailing thought across successful organizations was to focus on three wildly important goals. She stated there was the ability to receive more fulfillments when there was not so much stretching the Committee or Council in too many directions.

Mr. Braulik stated part of the discipline was if the Committee chose five items to concentrate on then later decided to add a sixth, it was incumbent upon Staff to inquire as to which one of the present five items the Committee was going to relinquish.

Council Member Shepherd stated the problem was not necessarily the Committee requesting to add more items as much as it was the natural order of externalities bringing forth items that required the Committee's attention. Her goal would be to make a promise at the State of the City Address and watch the end result play out throughout the year rather than presenting a vision with no discernable backup.

Ms. Antil stated there needed to be a clear separation between Staff reporting back to the Committee and Council on an item and that of Staff requesting the Committee or Council action.

Chair Yeh stated he was pleased the Public/Private Partnership discussion was accomplished in one meeting. He understood not all items had that capability although he felt if there were between three to five overall projects they would be more easily managed. He stated there needed to be a slogan or a pitch for each Committee to promote the type of person who would best be suitable to fill the role.

Council Member Shepherd stated the Policy and Services Committee was partially at fault for not picking up the Finance Committee debris; in particular with regard to the streets and sidewalks. She stated there were issues close to home that the Policy and Services Committee should have been involved in such as the streetscape and tree planning, the Children's Theatre, and the Public/Private Partnerships.

Ms. Antil stated there were some issues that required input from the Finance Committee rather than the Policy and Services Committee. Although they may

have policy issues they were primarily budgeting related such as the crossing guard situation or Cubberley.

Council Member Shepherd clarified there were tensions building surrounding issues that she agreed were budget related but she felt having those issues discussed within the confines of the Policy and Services Committee the policy issues could be settled without having both the policy and financial issues simultaneously. She stated both the City and the Palo Alto Unified School District (PAUSD) were focused around the youth. She supported partnering with them in order achieve a common goal to better the life and future for the youth.

Mr. Keene clarified the conversation was clearing the process for how the Committee wanted to move forward with future issues. The Policy and Services Committee exists as a sub-committee of the Council. This provides a more open format for conversation. He said there were many issues that could fall under Finance or Policy & Services, but some items clearly had purview in the Finance Committee. The biggest limitation is time. He said that the Committee could discuss what suited them, but it was his suggestion that they limit their conversation to between three and five of the most key items.

Council Member Price stated if we as a group wanted to handle items or issues more nimbly they need not define how to proceed. She stated the goal was to achieve collective outcomes that had meaning.

Mr. Keene agreed the Committee needed to have its purpose and purview redefined with a written process to identify the objectives to be accomplished. He suggested the Committee hold its own mini retreat, or strategy session involving the public.

Chair Yeh asked whether the Committee would be willing to hold a retreat prior to the end of the year in order to wrap up the past year and to lay the ground work for the incoming Committee Members.

Council Member Holman stated she was open to the concept of a retreat although felt the discussion during this meeting would have qualified as retreat.

Chair Yeh clarified for the Committee, holding a retreat would be a continuation of a regular meeting with added emphasis on the end result.

Mr. Keene stated the on-going sub-structure of the City Council was the Policy and Services and the Finance Committees. Both of the sub-committees were crucial.

Council Member Shepherd felt a retreat was not necessary. She suggested the Chair remain or a current Committee Member remain as a driving force for the accomplishments set in motion.

Chair Yeh asked to have the language redrafted to reflect the changes being agreed upon regarding the role and purpose of the Committee.

Mr. Keene stated yes, the language would be redrafted to incorporate the agreed upon changes.

Council Member Price clarified the priorities were not expected to change in January of 2011.

Council Member Shepherd stated the next conversation needed was when to shift from annual priorities to biennial.

Council Member Holman asked whether there was reconsideration for the earlier passed Motion regarding the priorities schedule.

Chair Yeh stated Staff had requested the Committee adopt the concept of the annual schedule and work plan.

Council Member Price asked for clarification behind reconfiguring the purpose of the Committee.

Mr. Keene stated the manner in which the Staff Report was divided was to determine what the role for the Committee was during the first part of the year to be engaged with the Staff in the process of developing a work plan on Council Priorities which would be eventually linked to the budget. The second part of the year the Committee would be working on the three to five strategic initiatives.

Ms. Antil stated her understanding from Chair Yeh was the end result for the Committee needed to have more meaning and less routine, whereas Council Member Holman appreciated the routine matters. She noted if there was a desire for a different option for the Committee there needed to be a different approach to the Committee.

Council Member Holman stated she was uncertain as to the structure needing to be changes as much as the need to be more active and proactive as a Committee. She noted there were a myriad of issues dealing with policy throughout the community and this Committee had the ability to spearhead those issues.

Chair Yeh stated the conversation from all Committee Members had been directed toward having the Committee shift to a position of handling more substantial issues. The question was how to reflect the desire in the language.

Council Member Holman stated the role, purpose and work plan for the Committee needed to be short and concise. There was beginning to be too much inertia limiting the design. She felt it was important for the work plan to go through the Committee prior to being reviewed by the full Council.

Council Member Price agreed, although felt in order to be more engaging the broader goal would be getting into more detailed discussions.

Mr. Keene stated the second section of the Staff Report would be revised to show the requested changes and would return to the Committee prior to the Council retreat in January 2011. He stated it was clear the Policy and Services Committee performed the bulk of the strategic work regarding an issue.

Council Member Shepherd asked to agendize a debrief for an upcoming meeting to evaluate each issue which could assist in the selection for 2011.

Council Member Price asked if November 30th was a consideration.

Council Member Shepherd stated she was not as concerned with the date as long as there was a 30-minute slot available to go through a first cut of the list each of the projects being considered.

Chair Yeh stated he agreed a debrief session would be a good idea and he wanted to include a revisit of the 3rd section; Clarifying Council Priorities/Strategic Initiatives and Guiding Principles Value and the 4th section; Two-Year Period for Council Priorities of the Staff Report under Item No. 2.

Mr. Keene noted if the Committee chose not to move forward with the Council Priority setting there may be a different slant to the Council Retreat.

Council Member Price asked how the 2011 Council Retreat would differ from the 2010 Council Retreat.

Mr. Keene stated if the Committee recommended that they did not set priorities for 2011 yet carry over the current priorities that would be the most distinguishing difference from the 2010 Council Retreat.

Chair Yeh stated to postpone the remainder of the agenda items to November 30, 2010.

4. Future Meeting Schedules and Agendas

City Clerk, Donna Grider noted the City Attorney had notified the City Clerk and the City Manager that he would be unavailable on November 30, 2010 and had requested the Developer Late Submittals item be moved to December 14, 2010.

Council Member Holman stated the Land Use Priority item would also require moving due to the need for the City Attorney input.

City Manager, James Keene suggested leaving the Land Use Priority item on the agenda for November 30th. There was a meeting scheduled for discussion and the outcome would determine whether or not the item needed to be moved.

Council Member Price asked whether the City Attorney was unavailable for November 30th or was he out for an extended period of time.

Mr. Keene stated he had not been informed beyond the November 30th date although would research.

Ms. Antil asked whether City Attorney Larkin was the attorney who originally started the project.

Chair Yeh stated to potentially leave to Developers Late Submittals item on the agenda for November 30th while the research was done to determine whether another Staff Member could attend the meeting in Mr. Larkin's absence.

Council Member Shepherd asked for confirmation there would be a strategic debriefing item added to the November 30th agenda.

Mr. Keene stated yes.

Chair Yeh stated if there was a one day conflict for the City Attorney's attendance there could be other dates considered. As it stood the November 30th agenda was full.

Mr. Keene inquired on the status of the Project Safety Net.

Ms. Grider stated Rob De Geus, the Division Manager for Recreations and Golf had informed her Project Safety Net would be ready for the November 30th Policy and Services Committee meeting.

Chair Yeh stated the challenge with moving the Developer Late Submittals to December 14th was Council may not be meeting after that date.

Ms. Grider clarified the Motion passed earlier was to bring forth to Council the Policies and Procedures minus the Developer Late Submittals and the Land Use Priorities.

Chair Yeh stated the last meeting for the Committee in 2010 would be December 14th. It had previously been decided the budget postmortem and the strategic issues should be discussed in tandem.

Council Member Holman stated it was her understanding a part of the Committee's work plan for 2011 included the budget postmortem and she felt adding it to the last two 2010 meetings was unnecessary.

Mr. Keene stated the Staffing Flexibility item scheduled for December 14th was time consuming although it could be moved to 2011. It was at the discretion of the Committee.

Council Member Shepherd stated her concern with moving unresolved items from 2010 to the 2011 Committee with new members while the current members had the bulk of the information already.

Council Member Price suggested leaving the items on the agenda's between November 30th and December 14th but with time limits for discussion.

November 30

- Developer Late Submittals (City Attorney Office)
- Land Use Priority (City Attorney Office)
- Project Safety Net
 - Staff support for priority next steps (P&S)
 - Commitment to youth outreach and youth voice
 - Commitment to reduction of lethal means to self harm (City Managers Office and Recreation Services)

December 14

- Agenda Electronic Management (City Managers Office)
- Staffing Flexibility: changes for changing environments (City Managers Office)
- Budget Postmortem

December City Council meeting

- Policy and Procedures (City Clerk Office)

ADJOURNMENT: Meeting adjourned at 11:29 p.m.