



FINANCE COMMITTEE SUMMARY MINUTES

Special Meeting
May 10, 2022

The Finance Committee of the City of Palo Alto met on this date at the Community Meeting Room and via virtual teleconference at 9:00 A.M.

Present: DuBois (Chair), Filseth, Kou

Absent: None

ORAL COMMUNICATIONS

Debora Simon, Friends of Cubberley Chair appreciated seeing a budget line item for \$314,000 for fiscal year (FY) 2026 regarding analysis and planning for Cubberley. She supported funding being used for roof replacement and additional repairs in 2023 and subsequent years.

ACTION ITEMS

- 1) Fiscal Year 2023 Budget Process Overview

Chair DuBois shared that Action Item Number 1 will be heard first.

Finance Director Kiley Nose disclosed that Budget Managers Paul Harper and Jessie Deschamps oversee the Office of Management and Budget.

Budget Manager Paul Harper provided an overview regarding meeting progression for both operating and capital budgets. The budget process is a recovery period and transition, building on reinvestments approved by Council in FY 2022. The budget uses one-time funding for priority services, and the Budget Stabilization Reserve is used for bridge funding. The Long-Range Financial Forecast highlighted the need for fiscal sustainability solutions. Continual proactive funding of long-term obligations is necessary. Preliminary estimates indicate that revenue for FY 2022 will be approximately \$14 million above the current budget. FY 2023 estimated Budget Status Report (BSR) is \$45.8 million, approximately \$100,000 above the 18.5% target. Tax revenues that are higher include property tax, sales tax, transient occupancy tax, and documentary transfer tax. The OpenBudget Web App has been updated to include the FY 2023 Proposed Budget. An At-Places Memorandum to provide general information regarding vacancies and leases is underway.

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Budget Manager Jessie Deschamps reported that the budget hearings will be organized by service area and department. Department Director's will discuss reinvestment strategy, major proposals, and areas of focus in the coming year. Each motion requires a majority vote. The parking lot will be used as a running list of items set aside for the Committee to consider adjusting with available funds. Staff will review the status of the parking lot at the end of each day.

9:30 – 12:00 PM 2) Infrastructure and Environment: Capital Improvement Program, Capital Fund Projects

- a) Capital Improvement Fund
- b) Cubberley Capital Improvement Plan

Budget Manager Paul Harper reviewed the 2023-2027 Capital Improvement Fund and Cubberley Fund expenditures, which total \$207.3 million. The five-year total expenses, including all fund expenses, were approximately \$232.1 million. Revenues in FY 2023 are higher than the other years due to reappropriated funds of about \$11 million and anticipated funding for the Newell Road Bridge Project. The fund balance is healthier than the last few years and pre-pandemic levels are expected by FY 2026. Transfers from Transient Occupancy Tax (TOT) revenues dedicated by Council for infrastructure improvements are expected to be \$9.7 million in FY 2023.

Assistant Director of Public Works Holly Boyd reported that the current year's budget strategy puts emphasis on reprioritizing and replenishing funding. Projects continue to be reprioritized to City Council priorities including the Infrastructure Plan (IP), Climate and Electrification, and Community Health and Safety. Additionally, projects were prioritized based on Staff workload capacity and external funding sources. Staff has proposed to reestablished funding for recurring projects including streets and sidewalks programs, and increased funding for inflation in future years. The 5-Year Plan does not fully fund several major known projects. FY 2023 new capital projects include Electric Charger Infrastructure Installation, Fire Training Facility Replacement, Roth Building Rehabilitation Phase 1, Bol Park Pathway repaving and Repair, and California Avenue Streetscape Update. Some anticipated continuing projects include completing construction on the Charleston/Arastradero Corridor Project, design on Newell Road Bridge Project, and design/starting construction on Churchill Avenue Enhanced Bikeway and Churchill Avenue/Alma Street Railroad Crossing Safety Improvements. FY 2023 Cubberley Improvement 5-Year Plan revenues include a transfer of \$1.9 million from the General Fund annually, and reimbursement from Palo Alto Unified School District (PAUSD) for roof repairs in FYs 2023 and 2026.

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Expenses range over the five years from \$1.6 million to \$5 million. The proposed Cubberley Community Center Redevelopment Project includes \$300,000 funding in FY 2026. Additionally, the plan includes continuation of maintenance and upkeep of the facilities.

Chair DuBois inquired regarding the likelihood of completing all planned construction projects in 2023.

Ms. Boyd indicated that the projects proposed were not beyond normal expectations. Although the public safety building project is expansive and requires significant staff time, many other projects have progressed.

Chair DuBois asked why the Cubberley Improvement Plan was separated rather than another capital project on the list.

Ms. Nose explained that when the PAUSD lease for Cubberley was renegotiated, part of the direction and result was that the City would continue to put \$1.9 million aside annually, specifically for infrastructure. There is a general infrastructure fund and the Cubberley fund, which accounts for continued funds deposited on an annual basis based on the prior agreement.

Chair DuBois asked about the plan for Fire Station #4.

Ms. Boyd advised that the contract for design will be presented to Council on May 23, 2022, and the consultant will be working on the design for nearly a year and a half.

Vice Mayor Kou asked whether the Committee is limited to the Cubberley fund or if the General Fund could be used if needed.

Ms. Nose explained that there is no limitation to the Cubberley fund, and the amount to invest is a policy call by Council. No major improvements have occurred, so expenses at the property have remained within that fund.

Council Member Filseth inquired about projects not included in the plan that would interest people.

Ms. Nose indicated that there are several unfunded projects outlined in the long-range financial forecast of things not included, such as infrastructure for public/private partnerships, aging assets like the animal shelter, or phase two of the junior museum and zoo.

Public Works Director Brad Eggleston noted that the City was forced to cut regular streets and sidewalks maintenance on the order of six-to-seven million dollars in the last two years, so the capital budget restores to the previous level.

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City Manager Ed Shikada advised that traffic and transportation projects related to bikeway improvement and neighborhood traffic safety are proposed.

Vice Mayor Kou asked for more information about City Hall Space Planning.

Ms. Boyd explained that the project will assess the existing space in the police wing and the fire admin space. Some work has been completed; however, it has been put on hold due to the prioritization of other projects at present.

Vice Mayor Kou asked about the location of the AC-18000 Performing Arts Seating Replacement and if it pertained to Lucie Stern seating.

Ms. Boyd answered yes. The project is currently out to bid, but Staff has prioritized the Children's Theater. Currently, there is no funding for the Lucie Stern Theater, but staff will potentially request funding as part of the amendment proposed.

Chair DuBois asked how long it would take to get to the Main Playhouse.

Ms. Boyd indicated that Staff would take steps to get the contract to Council before the summer break if a good bid is received. Funding would then be requested at wrap-up for FY 2023 to begin the design process.

City Manager Shikada asked for an elaboration regarding the scope of work involved and the cause of increased costs.

Ms. Boyd advised that many of the theater seats are not functional and pose a safety concern. Several efforts have been made to address issues related to seat spacing, seat selection and ADA compliance.

Vice Mayor Kou inquired regarding PG-17000 Baylands Comprehensive Conservation Plan and whether the budgeted \$43,000 was utilized or if it would be carried forward to FY 2023.

Assistant Director Community Services Darren Anderson noted that Staff is currently working on the plan and will be presented to the Parks and Recreation Commission for a recommendation in June.

Chair DuBois asked about the work included in the budget for the Byxbee Park Plan.

Mr. Anderson indicated that the most significant key feature for the project is enlarging the parking lot. Other improvements are largely with native plantings and improved seeding.

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Chair DuBois asked whether the family changing rooms would be in the existing pool building.

Ms. Boyd answered yes.

Director of Community Services Kristen O’Kane noted that the locker rooms currently have no privacy. Community members have expressed concern regarding privacy, and Staff is taking great care to ensure the concerns are addressed.

Chair DuBois inquired about the overall framework of the bike plan.

Transportation Planning Manager Sylvia Star-Lack explained that current projects have been prioritized based on available funding. The bike plan update will begin during the current calendar year. Staff anticipates prioritizing bike projects and geographical equity will be considered.

Chair DuBois suggested including the bike plan to the list of projects that are explained.

Council Member Filseth asked if the projected completion date of Summer 2023 for Boulware Park was still accurate.

Ms. Boyd answered yes, plans are currently being developed and are expected to be put out for bid at the end of the summer.

Chair DuBois proposed asking what a project would cost to identify the alley in Barron Park.

MOTION: by Chair DuBois, second by Vice Mayor Kou to ask for additional information for how to consolidate the Ownership of the alley.

MOTION PASSED: 3-0

Ms. Nose advised the Committee that a tentative motion would be needed to approve the item and the budget contained within to include the additional request for information.

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TENTATIVE MOTION: by Chair DuBois, seconded by Council Member Filseth to approve the Capital Improvement Plan and the Cubberley Capital Improvement Plan.

MOTION PASSED: 3-0

The Committee adjourned for lunch at 12:00 and reconvened at 1:00 PM

3) Infrastructure and Environment: Capital Improvement

Program (Cont'd.), Enterprise Fund Projects & Internal

Service Fund Projects

Budget Manager Paul Harper presented an overview of the 5-Year Plan for the Internal Service Funds, including the Vehicle Maintenance and Replacement Fund and Technology Fund. About \$21 million of the \$27 million is allocated for Vehicle funding. There are fifteen projects in both funds, nine of which come from the Vehicle Fund. IT Fund is divided into Department Technology Upgrades and Citywide Technology Upgrades. Most funding is in the first year of the five-year plan.

a) Information Technology

i) Technology Fund

Information Technology Director Darren Numoto advised that additional projects are proposed for implementation in FY 2024. Most current projects are in the City's operating budget. City Council Chambers Audio Visual and ADA Upgrade will be revisited in FY 2023, and the Computer Aided Dispatch (CAD) Upgrade will proceed.

Chair DuBois inquired about how IT could be capitalized. The amount seems small in comparison with the size of the organization.

Mr. Numoto agreed. Many projects are funded by the operating budget, particularly regarding infrastructure and migrating services or cloud. All departments have CIPs which are technology oriented, so a lot of focus is on technology as a City; however, it is not always driven by the IT fund.

Chair DuBois requested an information report on large applications and separating it from the operating budget.

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Mr. Numoto reported the process of finalizing a new three-year IT strategy with five focus areas is underway.

Council Member Filseth recalled discussions about replacing the SAP prior to the pandemic. He asked if there would be any major expenses incurred in doing so.

Mr. Numoto advised that Staff decided to stay with SAP. There is a second phase that is part of a larger project for system enhancements to improve business processes and efficiencies within the system. System reevaluation will take place in three-to-four years.

TENTATIVE MOTION Chair DuBois, seconded by Vice Mayor Kou to approve the Information Technology budget as presented.

MOTION PASSED: 3-0

b) Public Works

- i) Airport Fund [Public Works]
- ii) Stormwater Management Fund [Public Works]
- iii) Wastewater Treatment Fund [Public Works]
- iv) Vehicle Replacement Fund

Public Works Director Brad Eggleston reviewed the 5-Year Plan for the Vehicle Replacement Fund. FY 2023 includes reappropriated funding from previous years for vehicles that still need to be ordered or outfitted. FY 2021 and FY 2022 replacement budgets were reduced by 60%. As part of the budget reductions for the last two years, the City's typical vehicle replacement budget of about \$3.5 million per year was reduced to \$1.4 million per year for two years.

Vice Mayor Kou suggested listing the major vehicles being considered for replacement. Focusing on some of the key vehicles and pieces of equipment would be valuable for the public and Council Members.

Chair DuBois inquired about the \$3.5 million and \$5.4 million shown for FY 2023 expenses.

Mr. Eggleston clarified that the table shown on the slide shows the expenses for everything planned in FY 2023, including some vehicles not yet replaced

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from previous FYs capital projects. The \$3.5 million pertains to a capital project just for FY 2023 replacements specifically.

Chair DuBois asked how the replacement schedule is determined.

Mr. Eggleston explained that Staff considers a combination of policies regarding mileage and vehicle fleet time.

TENTATIVE MOTION: by Council Member Filseth, seconded by Vice Mayor Kou to approve the Vehicle Replacement Fund proposed budget.

MOTION PASSED: 3-0

Chair DuBois inquired what could be done to avoid noise impacts on residents from the airport and what proportion the layout plan plays in that process.

Airport Manager Andrew Swanson indicated that the airport layout plan is a planning process to examine what was in place at the time of the last update regarding various technologies and aircraft for flight training.

Chair DuBois suggested community outreach to determine what can be done regarding noise.

Mr. Eggleston remarked that community outreach will be a major factor of the planning process.

Chair DuBois asked about the design and size of the terminal if it were rebuilt.

Mr. Eggleston clarified that the layout plan planning process may consider potentially replacing the terminal, but the proposal pertains to small modular buildings.

Council Member Filseth perceived that there should be a policy discussion before an expansion facilitating larger scale commercial air services flying out of the airport.

Mr. Eggleston noted that Staff is working with a project contractor to prepare a tank to transport unleaded fuel to Palo Alto Airport from the existing fuel tanks.

Chair DuBois inquired regarding budgeting for the shift to unleaded over multiple years.

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Mr. Eggleston advised that will be discussed through the planning process. Staff considered transitioning people to use of the fuel to be the most critical aspect.

Vice Mayor Kou asked about the thought behind increasing the price of leaded fuel to discourage its use.

Mr. Eggleston indicated that Staff is consulting with an attorney regarding whether that may create conflicts with Federal Aviation Administration (FAA) Grant obligations.

Vice Mayor Kou stated that the airport also affects East Palo Alto and Menlo Park and requested that those areas be included in the community outreach. She wanted to know if there was an opportunity of including in the planning that there is a space for youth to learn how to deal with aviation, particularly mechanics or repair.

Mr. Eggleston thought that was an interesting idea. He noted that the Airport Association is planning an airport day.

Chair DuBois asked whether the City has received any requests from electric airport companies for the airport to be used for testing.

Mr. Swanson confirmed there has been an interest in testing, but there is no adequate space. Electric aircraft is becoming more popular and shifting away from fossil fuels is exciting.

Vice Mayor Kou asked if there is an opportunity to gain interested parties who may want to lease the large apron tie-down parking lot area for solar paneling.

Mr. Eggleston explained that there have been discussions about wanting to install solar canopies, which would benefit aircraft owners who use the tie-towns. Underground conduit was placed throughout the area as part of the Apron Reconstruction Project that will support the wiring for future solar projects.

TENTATIVE MOTION: by Chair DuBois, seconded Council Member Filseth to approve the proposed budget for the Airport Fund.

MOTION PASSED: 3-0

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Mr. Eggleston provided an overview to the FY 2023 Stormwater Management Fund. One high priority stormwater project is complete, and six projects have been included in the FY 2023 five-year CIP. Design completion and beginning construction on the Corporation Way System Upgrades and Pump Station Project are anticipated. Design on the West Bayshore Road Pump Station and the West Bayshore Road Trunk Line Improvements projects are nearly finished, and design on the East Meadow Drive System Upgrades Project will begin.

TENTATIVE MOTION by Chair DuBois, seconded by Council Member Filseth to approve the proposed budget for the Stormwater Management Fund.

MOTION PASSED: 3-0

Mr. Eggleston reviewed the FY 2023 Wastewater Treatment Fund. An extensive plan is in place to rebuild most of the Regional Water Quality Control Plant and meet new regulatory requirements. Design on the Secondary Treatment Upgrade Project is complete with construction to begin in Winter FY 2023. Advanced Water Purification Project design estimated to be completed Winter FY 2023. State Revolving Fund (SRF) application amounts will be updated after 60% design cost estimate is completed.

Plant Manager Jamie Allen advised that the Sea Level Rise Policy came out after the Feasibility Study and required more structural design to raise the structure and install more staircases. The original Feasibility Study was underestimated in various areas and some scope changes have been made.

Chair DuBois inquired whether the \$16 million expense is after all agency shares have been remitted.

Mr. Eggleston explained that the project does not have the same type of partner agency shares because it is Palo Alto and Mountain View who would use the recycled water. The split for any cost beyond what is received from Valley Water would be 75% Mountain View and 25% Palo Alto. The largest sewer line in the City bringing wastewater from part of Palo Alto, Mountain View, and Los Altos has structural issues, so work for that is beginning sooner than anticipated.

Mr. Allen noted that Staff is using the ongoing recurring capital budget of WQ-19002 for contract approval and design underway. Bond revenues are \$12.5 million in FY 2024.

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Vice Mayor Kou asked if tours to the plant were still being offered.

Mr. Allen advised that tours have not resumed yet due to COVID-19, but there have been limited outdoor tours for partner agency staff. Hopefully, tours will resume in the future.

TENTATIVE MOTION by Chair DuBois, seconded by Council Member Filseth to approved proposed budget for the Wastewater Treatment Fund.

MOTION PASSED: 3-0

c) Utilities

- i) Electric Fund
- ii) Fiber Optics Fund
- iii) Gas Fund
- iv) Wastewater Collection Fund
- v) Water Fund

Utilities Director Dean Batchelor presented an overview of the Utilities 5-Year Capital Improvement Program. Approximately \$100 million is projected over the next five years with a \$26 million budget in FY 2023 for the Electric Fund. Five smart grid base stations that serve as receivers have been located and two are currently running. There are ten receivers in total, two on each pole. Locations are in substations, a reservoir, and a well. Beta tests were delayed due to a chain supply issue for the meters. Approximately \$1.4 million of the Foothills Rebuild substructure work has been completed. Applications were submitted with Cal-ISO regarding 115kV Electric Intertie. Proposed substation projects relate to physical security, breaker replacement, and protection improvements. Electric Grid Assessment is underway.

Council Member Filseth asked if the second intertie was always going to cost more than \$8 million.

Mr. Batchelor explained that it was going to cost around \$20 million. Staff discussed with Pacific Gas and Electric (PG&E) regarding a barely used existing line that they converted to 12kV.

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Council Member Filseth commented hydro is declining. He inquired about purchasing time-shifted solar from plants that utilize some level of battery storage to extend it into the evening.

Assistant Director of Utilities Jonathan Abendschein advised that Staff is still evaluating storage facilities, but the costs are high even for small amounts of storage.

Chair DuBois asked why the intertie expenditures have been spread over several years.

Mr. Batchelor indicated that Staff has examined a path, but no true design has been developed.

Assistant Director of Utilities Operations Tom Marshall advised that the \$7 million is for the Adobe Creek connection. The transmission line upgrade is paid through the California System Operator. Existing towers extend to the backside of the Colorado substation.

Mr. Batchelor explained that additional walls will be considered on all substations as a preventative measure.

TENTATIVE MOTION by Chair DuBois, seconded by Council Member Filseth to approve the proposed budget for Utilities Electric Fund.

MOTION PASSED: 3-0

Utilities Director Dean Batchelor presented an overview of the FY 2023 Utilities Fiber Fund. The fiber outlook will be a system rebuild of \$1 million completion of the detailed engineering design. Engineering of the design is 70% complete. A study session with Utilities Advisory Commission (AUC) is scheduled in August to discuss the fiber and business plan.

TENTATIVE MOTION by Council Member Filseth, seconded by Vice Mayor Kou to approve the proposed budget for Utilities Fiber Fund.

MOTION PASSED: 3-0

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Utilities Director Dean Batchelor presented an overview of the FY 2023 Utilities Gas Fund. Staff is working on Gas Main Replacement (GMR) Project 24 as a replacement of about 25,000 feet in Stanford Industrial Business Districts. GMR Project 25 includes an additional 2,600 linear feet. Gas meters and regulators total to approximately \$500,000 in the budget. The high-density pipe has a lifetime expectancy of around one hundred years.

Council Member Filseth asked how long the \$8 million every two years would continue.

Mr. Batchelor answered eight to ten years.

TENTATIVE MOTION by Chair DuBois, seconded by Council Member Filseth to approve the proposed budget for Utilities Gas Fund.

MOTION PASSED: 3-0

Utilities Director Dean Batchelor reviewed the FY 2023 Utilities Wastewater Collection Fund. The cost of Sanitary Sewer Replacement Projects 31 and 32 is about \$10.5 million. Staff seeks to coordinate between the gas and sewer upgrades in the Green Acres area. SSR Project areas include Palo Alto Barron Park neighborhoods.

Vice Mayor Kou asked whether the material used can withstand tree roots.

Mr. Batchelor answered yes. There is a half inch of wall thickness on the material, and the ends are fused together so that no tree roots can penetrate.

TENTATIVE MOTION by Chair DuBois, seconded by Council Member Filseth to approve the proposed budget for Utilities Wastewater Fund.

MOTION PASSED: 3-0

Utilities Director Dean Batchelor provided an overview of the FY 2023 Utilities Water Fund. Water tank seismic upgrades and rehabilitation total \$15.9 million for Park in FY 2023 and Dahl in FY 2026. Water Main Replacement Projects 29

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and 30 are proposed for construction in FY 2024 and FY 2026. The cost for water system supply improvements to replace security cameras is \$5.1 million. Additionally, \$2 million is included for generators.

Chair DuBois asked if the tank upgrades were expected to be completed within the current year.

Mr. Batchelor answered yes, the intention was to use funds in the FY 2023 budget to conduct the assessment. A draft of the scope of work is being prepared.

Vice Mayor Kou asked if fire hydrants are salvaged.

Mr. Batchelor replied yes, there is a company that salvages the brass, and the value of the brass is credited to us.

TENTATIVE MOTION by Vice Mayor Kou, seconded by Chair DuBois to approve the proposed budget for Utilities Water Fund.

MOTION PASSED: 3-0

d) Sustainability and Climate Action Plan

Administrative Services Director Kiley Nose announced that Staff has tried to begin highlighting the investments occurring across departments. The item was an overlay to allow the Committee some time to understand the investments and resources already improved for sustainability, and those forthcoming.

Assistant utilities Director Jonathan Abendschein reported that new proposed Sustainability and Climate Action Plan (S/CAP) expenditures are mostly offset by outside revenues restricted to programs reducing carbon emissions. Engineering and operational changes only represented part of the effort necessary to prepare the electric grid. The S/CAP Committee continues to discuss recruitment and retention challenges, supply chain issues, how quickly the grid can be upgraded, and types of technologies that could be used to minimize the need for upgrades. FY 2023 budget proposals focus more on staffing and budgets to support electrification and electric vehicle (EV) programs. Unlike mid-year proposals, FY 2023 budget proposals are mostly offset by outside revenues primarily restricted to be directly used for emissions reductions. A net 1.50 full time equivalent (FTE) increase is shown in the budget to support building electrification, EV adoption, and S/CAP

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water-related programs and planning efforts. There is a \$2.8 million budget for building electrification for existing and new programs in both residential and non-residential buildings. The electric distribution system and grid modernization assessment study is underway and funded, but specific capital projects are not yet included. The S/CAP includes many water, tree canopy, and zero waste-related efforts in addition to climate action areas.

Vice Mayor Kou inquired about whether the 2.5 positions were being proposed now.

Mr. Abendschein stated that was correct. 1.5 will be seen and there will be an additional one at places tomorrow.

Finance Director Kiley Nose advised that in the department sections, mid-years will appear in the budget reconciliation. Because it is a midstream adjustment, it will not appear under proposals, but rather as an adjustment from last year's adopted to this year's proposed.

Vice Mayor Kou asked if this was part of the increase to the 39 positions.

Ms. Nose explained that the mid-year positions are not included in that 39 because Council already approved them. There were 20 approved and this proposed budget recommends another 39. Attachment B of the Operating Budget Transmittal Letter provides a summary that provides an overview of the General Fund, Enterprise Funds, and other funds.

Chair DuBois inquired about the S/CAP positions.

Mr. Abendschein explained that Staff looked for capacity within existing work groups and determine where new programs could be overlaid into existing programs for efficiency purposes. As a result, there were fewer resource requests than anticipated. Work will be distributed to the correct areas based on the FTE.

Chair DuBois asked for a walkthrough regarding the grid modernization bonds.

Mr. Batchelor advised that the cost of service on the electric side is being conducted and anticipated to be complete by year-end. \$150 million to \$200 million will likely be necessary at the grid modernization level.

Chair DuBois thought it would be helpful to be clear about what constitutes an overlay on existing budgets.

Ms. Nose indicated that some highlights and summarization could be included in the budget wrap-up or adopted Staff report.

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Vice Mayor Kou observed that the \$2.8 million budget is non-salaried. She asked what the amount would be with salaries included.

Mr. Abendschein answered approximately \$3.2 million.

Vice Mayor Kou wanted to ensure that individuals hired to support the tree ordinance have the ability to know about the natural and biodiversity aspects.

ACTION: None

Finance Director Kiley Nose announced that Staff provided an At-Places to the Committee. The At-Places is standard as part of the review of the budgets and includes routine information regarding the current vacancies across the City, a link to the most updated organization chart, and information about the City's largest contracts and leases.

The Committee took a break from 1:45 pm and reconvened at 2:00 pm.

Finance Director Kiley Nose explained that when a position is vacant, a department will submit a requisition. A workflow process of formally issuing a purchasing notice. Before the position can be posted, approval is required from Executive Management, the Office of Management and Budget, and Human Resources (HR).

City Manager Ed Shikada added that it is both the department's bandwidth to support and fill positions, and HR's capacity to run recruitments simultaneously.

Human Resources Director Rumi Portillo explained that there are various reasons why a requisition may not be acted on and can change over time. The department could lack the capacity to train independently. The HR side is constrained with reduced recruiters, which carry heavy workloads. Recruitments are taking more time and effort to find candidates.

Chair DuBois inquired regarding whether a fixed period is required for recruitment.

Ms. Portillo indicated that it depends on the position. An internal posting for most positions is currently five days, and in other cases it is a minimum of two weeks. Depending on the position, differing posting methods are available. Staff has been working with departments to expedite hiring, which has increased the capacity to hire.

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Mr. Shikada noted that due to the checks and balances inherent in the City's system, there is an arms-length relationship between the hiring manager and the many steps involved in the hiring process.

Ms. Portillo added that all candidates must be evaluated and treated in the same manner for these government positions.

Mr. Shikada stated that there are a number of controversial components that impede the ability to act quickly.

Vice Mayor Kou asked if the acting assignment is someone that is already an employee and acting.

Ms. Nose answered yes.

Public Safety

- a) Fire
- b) Office of Emergency Services (OES)
- c) Police

Budget Manager Paul Harper presented an overview of the FY 2023 Proposed Budget for Public Safety Service Area. General Fund FY 2023 total budget is \$89.2 million. Positions as part of the mid-year and Q1 reports have been included and highlighted in the operating budget.

Fire Chief Geo Blackshire acknowledged the members of the Fire Department for exceptional commitments provided to the community over the last two challenging years and reviewed the FY 2023 Proposed Budget for Fire. The 24/7 coverage to all Fire Stations was updated and restored. Restoration of 5.0 FTE Firefighters from the SAFER Grant has been achieved. Deputy Chief of Support Services will be responsible for establishing a new approach to recruitment, hiring, and training. The Department is seeking the addition of 3.0 FTE Firefighter Trainee positions to create a hiring pipeline and recruit more strategically. FY 2023 Department Outlook includes emergency response to fires, medical emergencies, technical rescue incidents, and hazardous materials emergencies. Strategic recruitment and training are necessary to maintain effective response force to stop escalation of emergencies. Expanding Prevention staffing is important to assist in keeping up with required fire inspections.

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Office of Emergency Services (OES) Chief Kenneth Dueker presented an overview of the OES Department's outlook for FY 2023. The Department will continue to support the pandemic and post-pandemic planning and operations of the City. Return to special events and public safety education activities are in the process of returning. Additional plans include updating emergency plans such as the Local Hazard Mitigation Plan (LHMP), Foothills fire safety planning, and participating in the final design of the Public Safety Building.

Police Chief Robert Jonsen presented the Police Department's FY 2023 Proposed Budget. The proposal aims to provide the Department some flexibility in staffing. Partnership with external stakeholders to align service expectations regarding continued support to the commercial core with additional police services and to bring back youth programs and community outreach. Increased training and additional officer staffing are among the major budget changes.

Council Member Filseth asked how the positions were filled so quickly.

Chief Jonsen acknowledged that the recruiting team has performed exceptionally well, and that there has been an outpouring of applicants. There are currently five recruits in the academy. A major challenge for the organization has been hiring and training individuals for the dispatch center.

Vice Mayor Kou inquired about traffic enforcement.

Chief Jonsen explained that traffic enforcement was rebuilt in 2018 and was part of the budget reductions of 2020. Restoration has not yet been a possibility for the Department. Patrol Officers still have dedicated areas to conduct traffic enforcement.

Vice Mayor Kou asked about what officers are seeking during training.

Chief Jonsen explained that some training aspects include defensive tactics, firearms training, and investigative training.

Vice Mayor Kou asked whether 20% or 100% of the revenues generated from inspections go to the Fire Department.

Chief Blackshire advised that revenues generated go to the Hazmat Program. Hazmat facilities pay to have the facilities inspected, so the Fire Department is trying to ensure that it has sufficient resources available.

Mr. Shikada explained that as vacancies occurred in the Police and Fire departments and there was authorization provided to fill them, those became

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all hands-on deck efforts, and positions throughout the City organization became lower priorities.

Council Member Filseth asked what the allocated charges are for both Police and Fire.

Budget Staff advised that allocated charges are mainly charges necessary to run the City such as IT, vehicle replacement, and the ASD Department.

Council Member Filseth asked if there were separate personnel for paramedic emergency medicine and hazmat inspection.

Chief Blackshire explained that the minimum requirement to be a firefighter is to at least be an EMT (Emergency Medical Technician) and some have the position of paramedic. Prevention requires that EMT or paramedic certifications be maintained.

Council Member Filseth asked how much time is spent on inspections.

Fire Inspector Stephen Lindsey advised that inspections for hazmat covers applying and uploading data into a database requiring validation, analyzing the business plan including emergency response and emergency contact, and field inspections. Staff allocates approximately one hour for Level I facilities, two hours for Level II facilities, and five hours for Level III facilities.

Chair DuBois asked about any concerns with continuing to hit key performance metrics.

Chief Blackshire stated that is always a concern. Staff coordinates with a predictive modeling company to develop a model to ensure that appropriate standards are maintained.

TENTATIVE MOTION by Council Member DuBois seconded by Council Member Filseth to approve the proposed budget for Fire, Office of Emergency Services and Police Department Funds.

MOTION PASSED: 3-0

FUTURE MEETINGS AND AGENDAS

Finance Director Kiley Nose announced that one item was placed one item in the parking lot to look at the alley/street for future discussion.

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ADJOURNMENT

Meeting was adjourned at 3:12 PM