



CITY OF MOUNTAIN VIEW

MEMORANDUM

Finance and Administrative Services Department

DATE: June 3, 2016

TO: City Council

FROM: Helen Ansted, Principal Financial Analyst
Patty J. Kong, Finance and Administrative Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **Fiscal Year 2016-17 Narrative Budget Follow-Up**

At the Narrative Budget Study Session held April 26, 2016, the City Council discussed the City Manager's recommendations for the Fiscal Year 2016-17 budget and requested additional information on various items. Below is a summary of the information provided by departments in response to City Council requests.

The City Council expressed general support of the City Manager's recommended budget, including the General Operating Fund, Other Major Funds, Non-Major Funds, Reserves, and fees. The Council also supported the utility rate recommendations. However, Council wanted to consider options for a portion of the recommended \$2.5 million contribution to the Strategic Property Acquisition Reserve (SPAR).

1. With respect to the SPAR, Council asked staff to develop options for utilizing some of the available funds for one or more of the following purposes:

- a. One-time employee bonus with any employer share included in the total cost.

Exhibit A includes information regarding the structure and limits of a potential one-time bonus. The City Manager recommends Council consider utilizing \$250,000 for this purpose.

- b. Methodologies for recruitment enhancement for critical positions and/or hard-to-fill positions.

Exhibit B describes a proposal for a revised Referral Incentive Program and a new signing bonus with a recommended combined ongoing budget of \$100,000, as well as a suggested \$50,000 for employee engagement efforts.

c. Additional new positions.

After discussing this with Department Heads, assessing recently added and Fiscal Year 2016-17 proposed positions, and considering short- and long-term organizational needs, the City Manager recommends the following positions be added:

Position	Department	Fund	Cost
Senior Management Analyst (LP → Regular)	FASD	GOF	\$169,500
Senior Planner (LP → Regular)	CDD	DSF	166,000
Permit Technician (New Regular)	CDD	DSF	132,600
Communications Training Supervisor (New LP)	PD	GNOF	188,700

The ongoing cost to the GOF of this recommendation is \$169,500, \$298,600 ongoing to the Development Services Fund and \$188,700 would come from the SPAR allocation. See Exhibit C for more information on each position.

d. Homeless service support.

The recommended budget includes \$200,000 to CSA for a rental assistance program. Beyond that, there are a number of initiatives under way as a result of Council's previous direction on Safe Parking and a stakeholders meeting. See Exhibit D for a summary of key initiatives. Many of these efforts require additional time and analysis to be fully developed. Council could authorize an amount of funding as a placeholder or fund specific efforts for homeless support services designed to assist residents living in their vehicles in Mountain View. Known costs at this point include the following:

- *Additional staffing for a park ranger and cleaning staff to keep Rengstorff Park restrooms open from 6:00 p.m. to midnight: \$8,000/month or \$96,000/year.*
- *Portable waste pumping service to dispose of RV waste at a cost of \$50/pump for 50 disposals per week: \$10,000/month or \$120,000/year (less any fees charged).*

Dignity on Wheels is determining whether it has the ability to operate a mobile hygiene and laundry service in Mountain View. Another option is to work with other local agencies to purchase a Dignity on Wheels truck in a joint effort to fund and provide this service. This is estimated to cost \$130,000, not including operating

costs. CSA is also working with Trinity United Methodist Church on a shower program and is considering installing industrial laundry machines. Council can choose to budget funds for one or more of the above-listed efforts and other options that are currently being explored. The City Manager recommends the Council earmark a one-time allocation of \$250,000 from the Housing Fund for additional homeless services, to be allocated by the Council in the fall after further discussion with CSA, Dignity on Wheels, the County, and the stakeholders group. See Exhibit D for the work plan.

2. Early childhood education/after-school programs for low-income families.

As requested by Council, Exhibit E provides descriptions of existing programs for children in a range of ages offered by the Community Services Department and Library Services Department.

Staff will be returning in the fall with a report related to spots for low-income families at the City's child-care facility operated by Learning Links Preschool.

3. Other Council Discussion Items.

- a. Friends of Caltrain Membership: \$5,000 ongoing funding is included in the Fiscal Year 2016-17 Proposed Budget.*
- b. Boomerang Funds have been included as an ongoing annual transfer from the GOF to the Housing Fund. In addition, there is a one-time transfer from the GNOF to the Housing Fund in the amount of approximately \$190,000 – the remaining balance after funding the two \$5,000 limited-period allocations for public service agencies.*
- c. The public service agencies currently receiving limited-period funding were notified the funding is limited to the two-year CDBG funding cycle (Fiscal Years 2015-16 and 2016-17). The agencies were also informed that continued funding from any source is subject to Council approval and funding availability. All agencies want the limited-period funding to continue in Fiscal Year 2017-18 and intend to reapply in the Fiscal Year 2017-18 CDBG funding cycle.*
- d. Council Procedures Committee recommendations to the City Council's budget are included in the Fiscal Year 2016-17 Proposed Budget.*

4. Council Major Goals.

Council raised the following new items, which were added to the Council Major Goals work plans.

- a. Study a Castro Street bike lane from El Camino Real.
- b. Explore adding dual plumbing to the scope of proposed new construction.

Subsequent to the Narrative Budget, Council directed additional work on a bike share program, which has been added to the list of Major Goals. In light of these additions, as well as ongoing work load issues, staff is recommending a number of changes to both the Council Major Goals and individual department goals, which can be found in Attachment 1 to the transmittal letter of the Fiscal Year 2016-17 Proposed Budget.

5. A Councilmember asked about the current policy of the City absorbing credit card processing fees.

Exhibit F, originally provided in the Fiscal Year 2015-16 Narrative Budget Report, discusses credit card processing fees.

6. Parking In-Lieu Fee.

Provide information regarding the cost per space for underground parking.

Exhibit G provides an analysis for three scenarios related to providing parking downtown and the Parking In-Lieu Fee.

1. *Construction of aboveground parking on existing surface parking lot.*
2. *Construction of underground parking.*
3. *Purchase of vacant land to provide parking*

Staff recommends the proposed fee remain at the level previously recommended of \$48,000 for next fiscal year.

7. PRC work plan suggestion for plaza space utilization.

Advisory bodies are in the process of developing their Fiscal Year 2016-17 Work Plans for submittal to the City Council in September. Staff will communicate the suggestion

regarding enhanced use of the Civic Center Plaza for consideration by the Parks and Recreation Commission during its work planning process.

In addition to the follow-up items requested by Council, staff is proposing two new items for consideration. These are not included in the Fiscal Year 2016-17 Proposed Budget, but if Council approves, will be included in the Fiscal Year 2016-17 Adopted Budget.

1. Bike Share Rebudget Balance: \$93,500 (limited-period)

On May 24, 2016, the Council appropriated a total of \$160,000 to fund the City's continued participation in the Bay Area Bike Share Program for up to a year. Staff has executed the initial contract with Bay Area Motivate, LLC (Motivate), to extend the program through November 30, 2016, and is working to see if it is possible to execute a new agreement with Motivate for the remainder of the fiscal year to June 30, 2017. The balance of the \$160,000 is being requested to be rebudgeted for the potential extension of the program through the remainder of the fiscal year, should an acceptable agreement be reached.

2. Library VDI System Upgrade: \$70,000 (limited-period)

The computers used by the public in the Library for Internet access and printing services are experiencing poor performance due to overutilization of the backend servers and disk drives. The system was originally designed to support only the Teen and Senior Centers, but the Library's public facing computers were added to the system due to their old and failing desktop PCs and now the entire system is experiencing performance problems. To address these performance issues, hardware has been borrowed from other systems and caching software has been added. While these updates have mitigated some of the performance issues, it does not appear it will satisfy the needs of the current user load, plus the additional Library catalog systems that need to be added later this year. Therefore, a newer, faster system is being designed to address the current and future needs of

the Library. The estimate for an updated system is approximately \$70,000 which would modernize the virtual desktop environment with enough capacity to provide a superior user experience.

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- Exhibits:
- A. One-Time Employee Bonus Options
 - B. Recruitment Strategies
 - C. Proposed Additional New Positions
 - D. Homeless Services Key Initiatives
 - E. Programs for Youth Offered By Recreation and Library Services
 - F. Credit Card Processing Fees
 - G. Parking In-Lieu Fee

One-Time Employee Bonus Options

The projected General Operating Fund balance provides an opportunity for Council to consider making allocations to certain appropriate one-time uses. Staff had recommended \$2.5 million be placed in the Strategic Property Acquisition Reserve. An alternative use raised by a Councilmember during discussion of the Narrative Budget for a portion of that funding is the payment of a one-time bonus to City employees. The intent of this bonus would be to express appreciation for the hard work and commitment City employees have demonstrated both during the most recent economic recession (which resulted in staffing reductions and other concessions) and in response to the high levels of demand for City services that have accompanied the economic recovery. If Council approves payment of an employee bonus, it is with the understanding that it is being offered as a symbolic, yet meaningful, gesture of appreciation that is a unique event without any bearing on ongoing compensation or expectation of precedent.

The options considered include three different types of bonus—flat dollar cash payment, percent of salary cash payment, or hours of paid leave. For each option, the bonus level per each approximately \$100,000 increment of allocation from the available General Fund operating balance is shown below. Should Council pursue this concept, staff suggests those eligible to receive the bonus would be regular, benefitted full-time and part-time employees (bonuses would be prorated for part-time regular employees) who started with the City by January 1, 2016 and are still employed with the City as of July 1, 2016. Staff has confirmed with CalPERS that the bonus would not be reported as special income and would therefore not be “PERSable” either when paid up front as cash or when provided as paid leave that is subsequently cashed out.

Bonus Type	GOF Cost per \$100K increment*
Flat dollar cash payment	\$200
% of salary cash payment	0.2%
Hours of paid leave	4.0 hours

* The cost increment is approximately \$100,000 as the bonus amounts have been rounded for simplicity.

The City Manager’s belief is that a one-time bonus would be a welcome expression of the City’s appreciation for employee dedication during a time of extremely high workload and that such a bonus would have a positive impact on employee morale. If Council directs that a bonus be offered, staff suggests that the bonus be a flat dollar cash payment. This recognizes all regular employees equally (prorated for part-time) and reinforces that the bonus is a unique event, separate from ongoing compensation. Should Council support a one-time bonus, the City Manager recommends an amount of approximately \$250,000 be allocated for this purpose, which would be \$500 of taxable income to full-time employees.

Recruitment Strategies

The City of Mountain View currently has 29 active recruitments to fill 39 vacancies, resulting primarily from the departure of employees due to retirement and competing job opportunities, as well as the approval of new positions to address high service demands in the context of prior staff reductions. As a point of comparison, based on year-to-date numbers for 2016, we expect to fill nearly 40 percent more positions than in 2015. Like many local governments in the region, the City is finding it more difficult to attract the best pool of candidates due to the high cost of living in the Bay Area and significant competition for top talent, among other factors. To support successful recruitments for positions that are especially difficult to fill, staff is updating its recruitment strategies. In response to Council dialogue on this topic during the Narrative Budget Study Session, staff has developed potential cost alternatives for inclusion in the budget for Fiscal Year 2016-17.

The City currently has a Referral Incentive Program which awards additional vacation hours to current employees who are instrumental in attracting successful candidates for such positions. This program has traditionally focused on the recruitment of police officers and has not been extensively used. Human Resources staff, in consultation with the hiring department, will identify additional difficult-to-fill positions based on current hiring market conditions and the challenges experienced in recent recruitments. Staff has also revised the existing Referral Incentive Program to offer the option of a cash bonus instead of vacation hours.

In addition, staff is proposing to institute a new signing bonus to be offered when necessary to successfully hire top talent in difficult-to-fill positions. Eligibility for the signing bonus would be at the discretion of the City Manager.

Based on current recruitment conditions, a proposed budget of \$100,000 for both the referral and signing bonus programs is recommended.

In addition to these recruitment strategies, staff recommends a placeholder budget for efforts coming out of the Employee Engagement initiative which is currently under way. The three specific priority areas being worked on include:

- Employee Empowerment
- Learning and Development
- Senior Management Relations

A modest budget of \$50,000 is suggested to support engagement, which will help energize and retain employees, benefitting our recruitment challenges.

Proposed Additional New Positions

Senior Management Analyst (convert LP to Regular)

FASD

Convert the limited-period Senior Management Analyst (originally a 0.5 FTE prevailing wage position and a 0.5 FTE purchasing support position) to a regular ongoing 1.0 FTE position to support the ongoing monitoring of prevailing wage (PW) and compliance with the new legislation, implementation of the purchasing study recommendations, and to address other ongoing workload demands in FASD. FASD currently is piloting a program that consolidates Citywide PW with Public Works' similar ongoing responsibilities. If successful, this position may assume responsibility for construction PW projects as well, which would provide assistance to the Public Works Department.

Funding: GOF

\$169,500

Senior Planner (convert LP to Regular)

CDD

During the last year, CDD has been able to successfully recruit two excellent limited-period Assistant Planners. However, we have not been able to do so at the Senior Planner level. The best candidates at the higher level are generally not willing to take a position that is limited-period. The Senior Planners are expected to manage large, complex entitlement applications and may also be involved in other policy development projects that need to be assigned.

CDD is currently recruiting to fill two Senior Planner positions, one regular ongoing and one limited-period. There are excellent candidates but they are only willing to take an ongoing regular position. Being able to hire these candidates would allow the Planning Division to add two additional top-rated planning professionals to assist with the Division's current workload. For this reason, it is recommended the current limited-period position be converted to an ongoing regular position.

Funding: Development Services Fund – (ongoing)

\$166,000

Permit Technician (New Regular)

CDD

Community Development requests an additional Permit Technician position for the Building Inspection Division due to the continuing high level of permit activity. Currently, there are three Permit Technicians; this request is for a fourth. This position is a vital piece of the permitting process and is responsible for accepting, routing, and

tracking a multitude of documents for all projects. These projects vary from the very large mixed-use construction sites such as San Antonio Center, to the new multi-family apartment complexes and the simple permits such as water heater replacement in a single-family home.

The Permit Technician is also responsible for processing the Over-the-Counter Commercial One-Stop Permitting, Photovoltaic, and Electrical Vehicle Expedited Permitting and Over-the-Counter Fire Permits. Their ability to verify all documents are collected, disbursed, and responded to by the anticipated due date is a critical component to the plan check review process. This has been difficult to achieve with the steady increase in development. Below is some data in support of the request:

- Fiscal Years 2006-07 through 2010-11 showed a 26 percent increase from Fiscal Years 2001-02 through 2005-06.
- Fiscal Years 2011-12 through 2015-16 showed:
 - 44 percent increase from Fiscal Years 2006-07 through 2010-11
 - 82 percent increase from Fiscal Years 2001-02 through 2005-06

Funding: Development Services Fund – (ongoing) \$132,600
(plus \$1,500 in one-time funding for a computer)

Communications Training Supervisor (New LP)

PD

The Emergency Communications Center (ECC) has identified the need to update its Public Safety Dispatcher training program for new hires and continued professional training of existing personnel. Current low staffing levels require frontline supervisors and the Operations Supervisor to dedicate time to on-shift responsibilities, limiting capacity for administrative duties. The ECC is also carrying a significant workload with database management for the Computer Aided Dispatch system, Regional Communications System implementation, and the Records Management System project – all of which require ECC staff participation and coordination.

Due to the existing workload and demand to cover shifts, additional resources are needed to modernize the training and quality assurance functions of the Center in a timely manner. The work plan envisions a comprehensive endeavor that will require a person with experience in public safety dispatching supervision and training.

This position would provide a limited-period resource over a two-year period to work in conjunction with the Communications Operations Supervisor to plan, coordinate,

implement, and direct all training programs for ECC employees, as well as ensure the Center operates under best industry practices and its employees maintain proficiency in public safety communications for Police, Fire, Public Works, and contract agencies within the guidelines of local, State, and Federal laws, policies and procedures, departmental regulations, and established priorities. If adopted, the position will be brought back for approval of the second year LP funding with the Fiscal Year 2017-18 budget.

Funding: GOF

\$188,700

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Homeless Vehicle Dwellers / Safe Parking Work Plan

June 14, 2016

Task	Target Date	Status
Send letters about Mountain View's efforts to Santa Clara County Board of Supervisors and state and federal legislative delegation	March	Completed.
Convene a meeting of regional stakeholders, nonprofits, and faith-based groups to discuss implementing a safe parking program in North Santa Clara County, and other efforts related to homeless vehicle dwellers	April 5 Focus Group Meetings - Spring/Summer	Completed. 35 participants attended. 5 Focus Groups identified during meeting: Children's Issues Safe Parking Hygiene Rapid Rehousing Marketing
Work with Community Services Agency (CSA) to bring Dignity on Wheels (DOW) to Mountain View	Summer	DOW may be able to provide service one half-day per week (4 hours). DOW capacity is limited. Location of service under consideration. CSA lot is challenging. Cost = \$500 per session once per week. \$2,000/monthly. Cost of truck apparatus = \$130,000 CSA exploring other options with Hope's Corner to provide shower service and case management at minimum of one day per week at Trinity Church. Cost TBD.
Contract with LifeMoves (formerly InnVision Shelter Network) to conduct a census and survey of homeless vehicle dwellers in Mountain View	April/May - Planning and contract (\$12,500) June - Launch survey June/July - staff analysis of survey info	In process. Survey and vehicle count to be conducted on June 1-2, 6-7, 9-10 / 6-8pm

Homeless Vehicle Dwellers / Safe Parking Work Plan

June 14, 2016

Task	Target Date	Status
Communicate the City's policy on vehicle impoundment to the public	May/June	In conjunction with homeless census/survey. Chief Bosel meeting with stakeholders.
Educate RV owners about illegal dumping of waste into storm drains and creeks - safe disposal, options for waste dumping, and the resulting effect on the natural waterways	May/June	In conjunction with homeless census/survey. Multicultural Outreach and Environmental Services staff met with RV dwellers at Day Worker Center. Planning second meeting.
Explore keeping public restrooms open overnight Explore other restroom options	Spring/Summer Summer/Fall	Rengstorff Park rangers currently leave at 6pm. Restrooms could remain open from 6pm-midnight. Cost of ranger for 6 addl. hours = \$36.82/hour, \$220/day, \$6,800/month Cost of cleaner = \$40/day, \$1,200/month Approximate Total = \$8,000/month, \$96,000/year.
Conduct additional outreach to faith community to assess interest in pilot safe parking on church premises	Summer	In conjunction with working group established at stakeholder meeting.
Research creation of a liability insurance program the City can offer churches for safe parking onsite	Summer	In conjunction with working group established at stakeholder meeting.

Homeless Vehicle Dwellers / Safe Parking Work Plan

June 14, 2016

Task	Target Date	Status
<p>Explore creating waste disposal site in Mountain View or at Palo Alto waste treatment plant</p> <ul style="list-style-type: none"> - <u>Short term</u>: Consider vouchers to RV dwellers to pump their waste in Redwood City; hire company for portable pump tank - <u>Long term</u>: Waste disposal site 	<p>Summer/Fall</p>	<p>Vouchers not a viable solution. Operator unwilling to accept vouchers.</p> <p>Portable waste tank operator willing to pump waste for \$50/per pump. Most 20 gallon tanks need to be emptied every 3-4 days. 50 RVs pumped 2x/week = \$260,000/year.</p> <p>Palo Alto previously had dumping station and discontinued service.</p>

Programs for Youth 0 to 13 Offered by Recreation

Financial Assistance Program

- 75 percent of cost up to \$400 per youth

In March 2015, Council approved changes to the Recreation Division's Financial Assistance Program (FAP) to provide a subsidy equivalent to 75 percent of the cost of Recreation programs with a cap of \$400 per youth. Families apply for the FAP through the Community Services Agency (CSA) for each of their children. Once approved, children can be registered into programs at the discounted rate through the Recreation Division. At the time of registration, the 75 percent reduced rate is automatically subtracted from the child's \$400 annual cap.

For summer camps held July 1, 2014 to June 30, 2015, there were a total of 595 youth (excluding teens) qualify for FAP. There was a total of 1,464 youths enrolled in summer camps. Therefore, 40.6 percent of participants qualified for FAP. Of these numbers, 144 preschool-age participants qualified for FAP out of 369 enrolled. Elementary camps had 451 participants qualify for FAP out of 1,095 enrolled.

Currently, Recreation does not have a limit to the number of participants who can qualify or to the total dollar amount in subsidy. However, over the last four years, an average of 961 participants per year utilized the subsidy through FAP, equating to an average of \$295,400 per year in financial assistance.

Early Childhood Enrichment

School Year

The City of Mountain View Recreation Division Preschool provides 4 school-year classes that serve children 3 to 5 years of age. Each week, 96 preschool-age children participate in an educationally structured classroom environment that provides them with the opportunity to develop the social, emotional, and academic skills necessary for kindergarten success.

- Fiscal Year 2015-16 Adopted Budget for Early Childhood Enrichment: \$185,886
- Cost per School Year Participant: \$1,054/year to \$1,880/year
- Number of School Year Participants: 96
- Number of Participants Utilizing FAP: 3

Summer

Busy Bees classes provide children 3 to 5 years of age with a curriculum that promotes health and wellness and a healthy respect for the environment in a positive, social camp environment. Busy Bees classes serve 219 participants during the summer months.

Astro Kids provides children 4 to 7 years of age with a science-based curriculum that introduces participants to the scientific method, influential people in the field of science, and seven different science-related themes in a traditional camp setting that promotes healthy living and physical activity. Astro Kids serves 150 participants during the summer months.

- Cost per Summer Participant: \$75/week to \$117/week
- Number of Summer Participants: 369
- Number of Participants Utilizing FAP: 144

After-School Programs for Ages 6 to 13

In collaboration with the Mountain View Whisman School District, the Recreation Division provides after-school care through the Beyond the Bell program to four elementary school sites and one middle school site every school day until 6:00 p.m. Each day, over 300 students receive homework assistance, enrichment, and physical activity at no cost. Recreation staff provides 30 minutes of vigorous physical activity, along with health and nutrition education, in the physical activity component. There are a maximum number of participants for each school. The School District determines who can participate in the after-school program based on the income of the family, individual need for academic improvement, and need for additional social interaction beyond the school day.

Additionally, the Recreation Division hosts an after-school program called The Beat at Graham Middle School. On average, 35 students attend The Beat each day. During the program, students receive homework assistance and participate in recreational activities. There is no limit to the number of participants at this location because it is not part of the School District's grant for the Beyond the Bell programming.

- Fiscal Year 2015-16 Adopted Budget: \$194,920
- Cost per Participant: Free
- Number of Participants: Approximately 335 daily participants across six sites
- Number of Participants Utilizing FAP: N/A

Summer Enrichment for Ages 6 to 13

From June to August, the Recreation Division provides five summer camp programs plus extended care for youth ages 6 to 13. Many of the camps are traditional recreation camps, which host a variety of swim days, field trips, arts and crafts, and recreational games. The summer camps promote physical activity, creativity, and social engagement.

- Fiscal Year 2015-16 Adopted Budget: \$129,630
- Cost per Participant: \$176/week to \$238/week, depending on summer camp
- Participants: 1,095
- Number of Participants Utilizing FAP: 451

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Programs for Youth 0 to 18 at the Library

Statistics based on Fiscal Year 2014-15.

Early Childhood: 410 programs with 29,635 people

School-Age: 106 programs with 8,476 people

Teen: 111 programs with 1,486 people

The City spends approximately \$125,000 on these programs annually. In addition to the financial support from the City, some programs are delivered by volunteers and The Friends of Mountain View Library funds supplies and outside contractors for summer reading and story time.

Early Childhood 0 to 5: The purpose of these programs is to bring language and literature alive for young children and to assist parents in learning how to become their child's confident first teacher. Parents and caregivers are encouraged to repeat songs, rhymes, and stories at home. Programs build vocabulary for native and nonnative English speakers.

All programs are free and include a variety of recommended materials, including children's books, music, and parenting books with parenting tips woven into the presentations. All programs are for parents/caregivers and their children to attend together.

- **Mobile Library Stops at Child-Care Centers:** Sharing books and music with preschoolers at five different monthly stops and weekly at the City Child-Care Center year round. Books and music are checked out by child-care and preschool

teachers to enhance their programs. Materials are supplied to support the curriculum.

- **Mother Goose & More/Goodnight Mother Goose:** Music, rhythm, rhyme, language development, and parenting tips for families with 0- to 2-year-olds. Lap jogs and play rhymes encourage parents to interact rhythmically with their children. Mother Goose Programs are repeated twice on Friday mornings 24 weeks a year. Goodnight Mother Goose, on two evenings a month, makes the program available to working parents.
- **Bilingual Baby Bounce:** A monthly Saturday morning program that extends the Mother Goose & More concept to bilingual English/Spanish families. This program is also being taken out in the community to the CHAC Family Resource Center and locations in low-income areas.
- **Time for 2's:** Developmentally designed book and music programs for ages 24 to 36 months featuring the best of children's literature, rhythm and rhyme, and lots of participation. Tuesday mornings, 24 weeks a year.
- **3- to 5-Year-Old Stories:** Developmentally designed for ages 36 months to prekindergarten. Longer and increasingly sophisticated stories and vocabulary with more complicated movement activities. Wednesday mornings, 24 weeks a year.
- **English/Spanish Storytime:** A program for Spanish-speaking families and others who want to learn Spanish for 2- to 5-year-old children and parents/caregivers. Mondays, 18 weeks a year.
- **SMART (Science, Math, Art, Reading and Technology) and SMART:** These are smaller (35 parents and 35 kids) group programs with hands-on learning components for ages 3 to 5. Children learn through sight, listening, and especially through hands-on experience. Three 8-week sessions explore language, critical and logical thinking (through concepts like color and size), the senses, simple tools, descriptive storytelling, phonics, sight reading, and more. Parents participate at learning center tables featuring activities people can easily replicate at home. These are two separate programs on Thursday mornings, 24 weeks a year.
- **Saturday Stories:** Stories, movement, and music for ages 2 to 5 followed by a coloring page related to the theme of each program – every Saturday morning the Library is open. Quarterly special performances are scheduled (e.g., Introduction to the Nutcracker Ballet, Concerts etc.). Every third Saturday is a special bilingual English and Spanish program. 50 weeks a year.

- **Kids Read:** This volunteer-coordinated program pairs middle and high school buddies with children in grades K to 2 who need reading support and encouragement. The younger children practice reading to the teens and improve their reading through constructive and supportive feedback from the older students. Year-round on Sundays from 3:30 p.m. to 4:30 p.m.

After School 5 to 12

- **Tween Book Club:** A monthly discussion of a book with appeal to tweens (grades 4 to 6). Meetings include literature-related games, crafts, and other activities. Participants help to choose upcoming books. Fridays from 4:00 to 5:00 p.m.
- **Cube Club:** A Thursday afternoon, twice-monthly chance to work with teen volunteers and compare notes on solving the cube. Skills enhanced involve, math, memory, and logical thinking.
- **Coding Classes:** With the help of teen volunteers and other presenters, the Library has offered Icon-based coding for elementary-age students. Board game events with locally produced games: Coding Farmers and Coderbunnyz help children as young as 4 learn the language and logic of coding.

After School 12 to 18

- **Homework Assistants:** Help with homework is available in the Teen Zone from 3:30 p.m. to 6:00 p.m. Tuesdays and Thursdays and from 3:30 p.m. to 8:30 p.m. Mondays and Wednesdays. Students with high GPAs and outstanding teacher recommendations are hired to help other students get a handle on homework. Evening assistance is provided by Community Services. Afternoon help is funded by the Friends of the Library.
- **Girls Who Code:** This national organization provides a volunteer instructor, a curriculum, and training designed for the program. Our instructor is a Google Engineer and has been with us for three semesters. Girls in grades 6 to 12 learn to code in Python, creating projects that are shared at a special graduation event each semester – Wednesday evenings, 6:00 p.m. to 8:00 p.m., during the school year.
- **Coding Classes:** With the help of teen volunteers and other presenters, the Library has offered coding for middle and high school students. Classes have included Python, HTML, JAVA, Webpage Design, and more. Days and times vary.

- **Brainfuse** is a digital resource available to those with a Library card through our website. It provides live homework help with a credentialed teacher for grades 3 to 12, seven days a week from 2:00 p.m. to 9:00 p.m. Students can submit writing samples and receive a critique of their work. Skills tests based on California State Standards help to identify areas that need improvement. Assistance is available in both English and Spanish. The \$9,000 annual cost is paid by the Friends of the Library.
- **Virtual Cards** are cards issued to all students in a school at once, based on school-verified information. They are good for electronic resources, e-Books, and computer time. A full-service card adds access to physical materials and just requires the student to come in to the Library with photo ID and proof of address (or parent’s ID and address for younger children).

Summer Enrichment: All Ages

The Mountain View Whisman School District sends out our Summer Reading Flyers to all students and messages to encourage them to sign up and read.

- **Summer Reading:**
 - Kid Readers
 - Teen Readers

Children/Teens sign up for Kid or Teen Reading depending on age. Each person chooses a reading goal between 3 and 100 books. They record titles, rate books, and write reviews online through the Library website. The Friends of the Library provide a prize book for signing up and for reaching a goal. A celebration event is held on the ParkStage to recognize the achievements of our local readers.

- Reading Families

Families with young children sign up to read aloud as a family. Children whose parents enjoy reading are more likely to become passionate readers. The Friends of the Library provide a family prize—a choice of hardcover read-alouds.

Summer Enrichment 0 to 10

- **Sing a Summer Song:** Recording artists share their music with families and get everyone singing and dancing along. Programs attract as many as 600 people on Tuesday mornings from 10:15 a.m. to 11:00 a.m.

- **School-Age Thursdays:** A variety of weekly programs featuring music, dramatics, live animals, magic, and comedy from 2:30 p.m. to 3:15 p.m. These programs often inspire children to take up a hobby or begin to dream of a similar career.
- **Read-Quest (Grades 2 and 3):** A program to excite kids about reading. Each week introduces a different theme: Fantasy, Mystery, Humor, Adventure. Children enjoy reading related games, activities, and crafts and share the books they have read as well as finding more they want to read. Extensive MVPL Librarian-created booklists available for each theme.
- **Read-Quest Tween (Grades 4 to 6):** A program to excite tweens about reading. Each week introduces a different theme: Kids Make History, Mystery, Humor, Real-Life Drama, Fantasy Sci-Fi, and Reading Roundup. Tweens enjoy reading-related games, activities, and crafts and discuss the books they have read as well as finding more they want to read. Extensive MVPL Librarian-created booklists available for each theme.
- **Librology:** This MVPL-created game helps kids and teens Grades 3 and up to find information in books and electronic resources and to understand how the Library works. Answering questions involves finding information, writing, drawing, and reading.
- **Money Math:** A volunteer-led program to help children entering grades 2 to 4 struggling with math concepts. The curriculum uses money to reinforce addition, subtraction, multiplication, division, and fractions. Two week-long morning series every summer.

Summer Enrichment 11 to 18

- **Teen Monday Evenings:** Teens sign up to make jewelry, learn how to hula hoop, play fantasy games, make art objects out of discarded books, solder a light-up badge, read and discuss books, and participate in the Library's own Teen Advisory Group.
- Drop-in summer programs include Chess led by the MVHS Chess Club and intergenerational knitting on Friday afternoons, as well as a Monday afternoon craft series.

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CITY OF MOUNTAIN VIEW

MEMORANDUMFinance and Administrative
Services Department

DATE: April 28, 2015

TO: City Council

FROM: Suzanne Niederhofer, Assistant Finance and Administrative Services
Director
Patty J. Kong, Finance and Administrative Services Director

VIA: Daniel H. Rich, City Manager

SUBJECT: **Credit Card Processing Fees**

PURPOSE

The use of credit cards, and therefore the costs associated with credit card processing, has increased with the use of accepting online payments. In the past, Council has stated the cost to do business online should not be more than the cost to conduct the transaction in person. Staff is seeking direction as to whether the City should implement credit card processing fees for online and/or on-site transactions.

BACKGROUND

On December 2, 2014, staff proposed an appropriation increase of \$70,000 due to the projected increases in utility payment processing fees. At that time, Council requested staff to provide additional information as part of the budget process on alternatives for cost recovery and what other agencies are doing.

There are six locations in the City where staff accepts credit cards as a form of payment: City Hall Finance, Center for the Performing Arts (CPA), Library, Police/Fire Administration, the Community Center, and Shoreline Golf Links. In addition to on-site locations, the City also accepts online payments for utility payments, parking permits, CPA tickets, basic building permits (E-permits), recreation classes and camps, and Library fees and fines. All online transactions are done through a payment processor.

The fees charged for credit card transactions at on-site locations are charged to the City's general bank account at the end of each month. For Fiscal Year 2013-14, the total

credit card fees charged for on-site locations were \$303,000 and approximately \$100,000 for online transactions. The amount for utility payments is increasing as more customers choose to make payments online and is estimated to exceed \$125,000 for the current fiscal year. About 50.0 percent of these charges are for credit card transactions at City Hall processed through Bank of America Merchant Services. It would be difficult to allocate on-site payment processing costs to different funding sources.

Other payment options are available. On-site locations accept cash and checks, and the City has long had an auto debit program and accepts home banking payments for utility payments. For online utility payments, debit and echecks are accepted. These types of transactions have a significantly lower transaction cost for the City.

Online credit card transactions require a payment gateway or processor. A payment gateway is an e-commerce application service that authorizes credit card payments for e-businesses and online retailers. It is the equivalent of a physical point-of-sale terminal. A variety of different credit card payment processors are used for online transactions primarily because each software application often partners with a particular payment processor. For example, the Shoreline Golf Links uses the EZLinks software system to book tee times, manage play at the course, and track payments. EZLinks partners with Electronic Transaction Systems Corporation (ETS) as its payment processor, which will interface smoothly with their system.

Although the City does not have to choose ETS as the payment processor, some of the automated functionality of the system does not work, or work well, without it. Where ETS as the credit card payment processor is fully integrated with EZLinks, staying with the City's current merchant services would require manual keying and less efficient processing. Although it may be beneficial to the City to only have one credit card payment processor, each software system partners with a payment processor to fully integrate with their system. Each payment processor sets up their fee schedule to recover all costs associated with credit card transactions.

The following are the payment processors the City currently uses:

Paymentus – online utility bill payments

Stripe – online parking permit payments

Tickets.com – online CPA ticket purchases

Cybersource – E-Permits (for basic building, electrical, mechanical, and plumbing permits)

Active – online Recreation class/camp payments

PayPal – online Library fee and fine payments

ANALYSIS

There are three different fees for each credit card transaction:

Interchange Fee: In a credit card or debit card transaction, the card-issuing bank deducts the interchange fee from the amount it pays the acquiring bank that handles the credit or debit card transaction for a merchant. This fee is passed on to the merchant.

There are many different interchange fee rates charged for various types of credit cards ranging from 1.43 percent to 2.65 percent for MasterCard and Visa. Commercial credit cards (which include cards that offer rewards such as air miles, cash back, etc.) have higher rates than basic (no rewards) credit cards. A payment processor will set their fees and charges to recover these interchange fees.

Discount Rate: The rate charged to a merchant by a bank for providing debit and credit card services. The rate is determined based on factors such as volume, average transaction amount, risk, and industry. The discount rate charged can be different for each bank. A payment processor will set their fees and charges to recover the discount rate charged by the bank they use.

Bank Fee: A fee that is charged when daily credit card transactions are settled (also known as a batch fee). This fee is very minimal, less than \$100 per month. Although there is not a bank fee, per se, when using a payment processor, there are still bank charges for the Automated Clearing House (ACH) deposit transactions. The cost is similar.

Previously, Council has supported not charging additional fees for online payment services by having the City absorbing all the payment processing costs associated with online payments. Our neighboring cities of Palo Alto and Sunnyvale do not currently charge a fee for credit card transactions either online or on-site. However, as online payments are increasing, these fees have increased substantially and staff has identified three types of fees that the City could charge its customers for the use of credit cards for payments (on-site or online):

Convenience Fee: The charge levied for the privilege of paying for a product or service using an alternative payment channel or a payment method that is not standard for the merchant (i.e., online payments). Each payment network's (Visa, MasterCard, etc.) policy on convenience fees varies. For example, Visa restricts the fee to a flat or fixed amount, not a percentage, and requires the fee to be applied to all means of payment that are accepted by the alternative payment method. This

fee would be applicable only to online transactions and are typical on commercial sites when purchasing tickets for events (e.g., theatre, sports, concerts, etc.).

Surcharge: A cost added for the privilege of using a credit card. California law (Civil Code Section 1748.1) prohibits retailers from adding a surcharge when a customer chooses to use a credit card. However, California law excludes public agencies from the definition of a retailer and expressly allows cities to impose a fee for the use of a credit card so long as it does not exceed the City's cost to accept the credit card and is approved by City Council (Government Code 6159). In addition, payment networks' policies on surcharge requirements vary. It is unclear if these would be applicable to both on-site and online credit card processing.

Government Fee Programs: Both Visa and MasterCard appear to have programs available for government entities that authorize a service fee for the use of a credit card. It is unclear if these would be applicable to both on-site and online credit card processing. Each payment network has their own rules, but both require preregistration with the network amongst additional requirements. Although more information about these programs is needed, such programs are an option available for further evaluation.

Staff from the Finance and Administrative Services Department and the City Attorney's Office have researched information available online and believe outside assistance (such as the City's Merchant Services provider) would be needed to determine how a fee(s) can be set. Should a fee or some cost recovery be desired, setting these fees can be complicated. Things to be considered are as follows:

- Each payment network has their own rules about how much can be charged as well as other requirements with which the City needs to comply. Generally, a fee must be the same across all card payment networks.
- The type of card used determines the interchange fee charged (see above about Interchange Fees); however, the amount the City can charge generally cannot be more than the cost to the City for transacting the payment. For a surcharge, the fee can be imposed at the product level, but it is unclear how staff would be able to identify what type of card is presented for payment to determine the fee.
- The City has different payment processors that charge for services differently. It is unclear if the set fee has to be the same across all payment processors, or if it could be set based on each payment processor.
- A convenience fee can only be applied to payments made by alternative payment methods (online, over the phone, etc.), not on-site transactions. However, it must

be imposed on all like transactions regardless of form of payment used for that payment channel.

SUMMARY/CONCLUSION

There is a cost for accepting credit cards for payments whether on-site or online and these costs are substantial and increasing. The City is currently incurring over \$400,000 in credit card processing fees. Online payments require a payment gateway which is provided by a payment processor. A convenience fee may be added on to a credit card payment transaction if using an alternative payment method (i.e., online payments), or a surcharge may be added to a credit card payment transaction but must not be more than the City's cost. Finally, government fee programs provide another option but more information is needed to evaluate.

Staff is requesting direction from Council if they would like staff to research and develop options for fees for credit card charges. If so, general policy direction on whether full cost recovery or something less is desired would be helpful. If Council directs staff to research and provide alternative fees to be implemented, due to the complex nature of complying with each payment network's rules and ensuring that the fee is being applied correctly, staff will require outside assistance.

SN-PJK/7/FIN

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Parking In-Lieu Fee

At the Narrative Budget Study Session on April 26, the City Council reviewed a proposed Parking In-Lieu Fee increase from \$26,000 per net new space to \$48,000 per net new space. This amount was based on staff's analysis of local aboveground parking garage construction costs. At the meeting, the City Council requested more information about the cost of building parking in Mountain View, specifically the cost of constructing underground parking.

ANALYSIS

Staff studied three hypothetical scenarios to determine a Parking In-Lieu Fee amount:

1. Construction of a nine-level (four underground and five aboveground) parking structure on an existing surface parking lot.
2. Construction of underground parking at a leased surface parking lot.
3. Purchase of vacant land for the purpose of creating a surface parking lot.¹

Parking Supply per Scenario

Scenario 1 has the highest overall capacity for new parking spaces. For example, the City could construct about 1,000 net new parking spaces per acre in Scenario 1, but only up to about 150 net new parking spaces per acre in Scenario 2. Finally, the availability of vacant land downtown allows for only about 75 surface parking spaces.

Comparison with Original Estimate

These scenarios are higher than the \$48,000 initially proposed, which was based on a cost estimate per total new space, not net new space, for an aboveground structure (see background information below). Cost per net new space is higher than cost per total new space since the same cost is spread over a fewer number of spaces. According to the Precise Plan (Page 11) "the in-lieu fee is based on the cost of building new public parking spaces," which implies that net new spaces should be used to determine the fee. The cost of an aboveground structure per net new space is approximately \$64,000.

¹ *If the City wants to purchase vacant land for a parking structure, it is a weighted average of Scenarios 1 and 3 (based on the number of parking spaces supplied), which is approximately \$65,000. If the City wants to purchase vacant land to lease a development, other funding sources besides the Parking In-Lieu Fee Fund should be considered.*

Outreach

Staff has conducted outreach to the downtown community based on the \$48,000 considered at the Narrative Budget Study Session. Staff has not conducted additional outreach to the community based on a possible higher fee amount.

Background Information – Aboveground Parking

- Staff analyzed the cost of constructing the Bryant/California garage, updating for inflation and discounting the cost of constructing the retail space and solar panels. The resulting average cost per space was \$48,000.
- Staff reviewed a public sector parking cost study by the Metropolitan Transportation Commission (MTC), written in 2012, which estimated parking structure costs at \$40,500 per space, which is approximately \$44,700 in 2016. City costs generally include a 6.5 percent administration charge, for a total estimated cost of approximately \$48,000.

Background Information – Underground Parking

- Staff surveyed underground parking costs at four downtown area developments and interviewed a downtown area developer. Based on that information, the private sector pays approximately \$35,000 to \$80,000 per parking space, depending on the size, configuration, efficiency, and depth of the garage. Based on the size of City-owned lots and maximizing depth, staff estimates the private sector would spend about \$50,000 to \$55,000 per space.
- Staff reviewed a public sector parking cost study by MTC, written in 2012, which estimated underground parking costs at \$54,000 per space, which is approximately \$59,606 in 2016.
- Staff considered the public sector costs more relevant to Mountain View than the private sector costs, though they are close.
- City costs are inflated for administration by 6.5 percent, a total estimated cost per underground space of \$63,500.

Land Cost

- Land cost was determined based on a survey of recent assessments and purchase prices in the downtown historic core area.

SUMMARY

Based on the three hypothetical scenarios, Parking In-Lieu Fee amounts are as follows:

1. Construction of a nine-level (four underground and five aboveground) parking structure on an existing surface parking lot – **approximately \$63,500 per net new parking space.**
2. Construction of underground parking at a leased surface parking lot – **approximately \$60,000 to \$250,000² per net new parking space, depending on the number of spaces and the terms of the agreement.**
3. Purchase of vacant land for the purpose of creating a surface parking lot – **approximately \$81,000 per net new parking space.**

RECOMMENDATION

While a higher fee could be supported based on this analysis, staff recommends setting the fee at \$48,000 at this time since input from the downtown community was obtained on this level but not a higher one. Staff can undertake additional outreach prior to the next budget cycle and propose a modified fee at that time.

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² *The City may have an interest in funding only a small number of net new parking spaces using the Parking In-Lieu Fee Fund. For example, the City may spend \$70,000 per space to replace the surface parking and build only 50 percent more. This would result in a cost per net new space of \$210,000.*