



STAFF REPORT

City Council

Meeting Date:

11/7/2023

Staff Report Number:

23-247-CC

Study Session:

Provide direction regarding operational expenditures and potential revenue sources to support Menlo Park Community Campus opening and ongoing operations

Recommendation

City staff recommends that the City Council provide direction regarding operational expenditures and potential revenue sources to support opening and operating the Menlo Park Community Campus (MPCC).

Policy Issues

City Council sets policy and goals and provides direction to staff regarding municipal services to the Menlo Park community; and allocates resources to support and maintain city facilities and operations and provide services to residents.

Background

MPCC project milestones

On Dec. 16, 2019, Facebook (now Meta) submitted its proposal for exploring the funding and development of a new multigenerational center to incorporate the former Onetta Harris Community Center, Menlo Park Senior Center, Belle Haven Youth Center (child care), Belle Haven Pool and branch library.

In January and February 2021, City Council approved the architectural control, use permit, funding and improvements agreement for the MPCC project located at 100-110 Terminal Ave. The new multiservice facility will incorporate a recreation center, senior programs, school age childcare, aquatics center, and branch library among other public amenities.

Construction work began in June 2021 with the closure and demolition of the previous facilities at the site. The project's concrete foundation was completed in March 2022 and the steel framing was completed in April 2022. Construction work has proceeded apace and is scheduled to be completed in early 2024.

Other project-related milestones

While the project approvals and construction proceeded, the City has also dealt with a number of challenges and/or opportunities associated with a global pandemic and rethinking service delivery. The following summarizes some of the key milestones.

On June 23, 2020, City Council authorized significant workforce reductions across the City organization in response to a global pandemic and severe economic downturn, including in the library and community services (LCS) department.

On Jan. 30, 2021, City Council reviewed a post-pandemic service adaptation plan to reactivate LCS

department facilities that had been closed during the pandemic, and an updated department strategic plan (Attachment A).

On June 28, 2022, City Council authorized targeted service level enhancements to restore City services and programs post-pandemic, including 5.75 full-time equivalents (FTE) restored personnel in the LCS department to reactivate the gymnastics program.

On Sept. 13, 2022, City Council reviewed community survey results for desired programs in the MPCC, and received initial confirmation that service level enhancements would be necessary to operate the new center in the manner envisioned by the City Council and community.

On Jan. 24, City Council reviewed preliminary estimates that approximately four to five FTE new/restored personnel, in addition to new temporary staff, would be needed to support the gymnasium, recreation center, makerspace, teen lounge, expanded library space, and other desired new programs when the MPCC opens.

On April 4, City Council met at the Belle Haven Branch Library and reviewed MPCC proposed programming plan elements that were developed over the previous several months with robust community input and City Council feedback and direction, summarized in the meeting minutes (Attachment B).

On May 23, City Council reviewed MPCC preliminary staffing, operations, and programming plan considerations in advance of the fiscal year 2023-24 budget deliberations.

On June 1, the proposed fiscal year 2023-24 operating budget workshop included requested expenditures for new personnel, non-personnel operating expenses, and projected revenues to open and operate the MPCC facility.

On June 13, City Council held a public hearing about the fiscal year 2023-24 proposed operating budget and discussed various strategies to reduce projected budget deficits without depleting reserves to an unacceptable level. City Council identified the MPCC operating budget request for further review, and requested that City staff prepare information and analysis related to the staffing needs and related service impacts.

On June 19, the Library Commission reviewed information and analysis related to the MPCC operating budget request and expressed support for the request as presented.

On June 27, City Council received information and analysis related to the MPCC operating budget request, including the staffing needs, workload of existing department staff, and related service impacts. City Council also received information about potential use of special revenue funds including the One-Time Developer Payments Fund (Fund 111) to maintain service levels and staffing at MPCC or other purposes. Additional detail about Fund 111 is included in the Impact on City Resources section of this report. City Council adopted the fiscal year 2023-24 operating budget without the MPCC operating budget elements, pending additional review and discussion (Attachment C).

On June 29, the Parks and Recreation Commission reviewed information and analysis related to the MPCC operating budget request and expressed support for the request as presented.

On Aug. 23, the MPCC working group of Belle Haven residents convened by the City Council MPCC ad-hoc subcommittee reviewed information and analysis related to the operating budget request.

Analysis

LCS department overview

The LCS department fiscal year 2023-24 operating budget includes \$14.8 million in operating and personnel expenditures offset by projected \$5.5 million in revenues. LCS department total expenditures comprise approximately 19% of the City's total fiscal year 2023-24 general fund expenditures.

The LCS department is responsible for providing a diverse array of high-quality services and programs to the Menlo Park community, including: public libraries, recreation, sports, early childhood education, after school programs, summer youth camps, older adults (senior) programs, athletic fields and courts, community events and youth gymnastics. The department is organized into eight teams: Library, Recreation, Sports, Seniors, Gymnastics, Preschool child development, School-age child development and Administration. An organizational chart is included as Attachment D.

The LCS department has fewer total FTE employees now than before the 2020 pandemic. In fiscal year 2019-20 before the pandemic, department services to the community were supported by 71.0 authorized FTE personnel. In the current fiscal year 2023-24, department services to the community are supported by 66.25 authorized FTE personnel, a 7% decrease compared to before the pandemic. With the exception of some services in the Belle Haven neighborhood that were paused during construction and will resume when the MPCC opens, all department services that were reduced or closed during the pandemic have since been restored to service. The department has been able to adapt to the reduced staffing levels in part because a major facility has been closed and some services in the Belle Haven neighborhood have been reduced during construction of the MPCC, by implementing efficiency measures such as enhanced self-service and automation technology, and through increased use of temporary/hourly staffing to deliver services to the community.

Personnel considerations

Current staffing, potential new/restored staffing, and new job assignments

The team members in the Senior Center and Belle Haven Youth Center, which have continued to operate in temporary locations during construction, will move back into the new campus when it opens. Additionally, there are some team members who previously worked at the former Onetta Harris Community Center (OHCC) in recreation and sports, but who have been backfilling vacancies at the Burgess campus during construction. These team members who previously worked at the OHCC will be offered the opportunity to transfer back to the new campus, and it is anticipated that some of them will want to do that. It also is anticipated that there will be some opportunities for new hires directly to the new campus, and some job opportunities to backfill for team members who transfer over to the new campus, depending on the staffing levels approved by City Council.

Recruitments and advancements

The LCS department strategic plan emphasizes the importance of training and developing current employees for career advancement within the City (Attachment E). The department has been successful in this regard with numerous recent promotions from within the ranks of qualified team members who have successfully competed in open recruitments for advancement opportunities.

The department also emphasizes hiring qualified job-seekers from the Menlo Park community and/or who live in the Menlo Park community whenever possible, and posts all career opportunities as open competitive recruitments to allow Menlo Park community members the opportunity to fairly compete for these opportunities. Many department employees are current or former Menlo Park residents who first gained their employment with the City through this open recruitment process. Some of these employees started

their City careers as hourly employees, and then received valuable paid experience and on-the-job training to successfully compete for full-time career opportunities with the City. Several have promoted through the department to leadership positions.

All department job opportunities, including FTE opportunities and temporary/hourly employment opportunities, are posted to the City's jobs page where job seekers can view job descriptions, qualifications and instructions how to apply (Attachment F). Job seekers also have the ability to subscribe to receive email notifications when new jobs are posted. If the City Council authorizes new/restored positions to support the MPCC opening and operations, then City staff would post open recruitments to fill the positions.

Contract instructors

The department contracts with local instructors to teach classes in City recreation facilities on a seasonal basis. These instructors are not City employees, but are independent contractors who receive compensation for their services through a contract with the City, usually as a share of the revenue from the registration fees paid by class participants, but sometimes as a one-time flat payment to the instructor. Many of the recreation classes in the activity guide are provided by these independent contractors. The City recruits for instructors on an ongoing basis through an online interest form on the City's recreation and sports webpage (Attachment G). City staff anticipates that additional recruiting specifically for contract instructors in the new facility will begin in the first quarter of 2024.

Vacancy rate

The LCS department, like the City overall, is challenged by a higher than desired vacancy rate – the percentage of authorized FTE positions that do not have a permanently appointed incumbent employee. The department's current vacancy rate is over 12%. The citywide vacancy rate is 17%. A typically desired vacancy rate would be less than four or 5%. When vacancies arise and persist, the resulting staffing shortfalls impact the department's and the overall City's capacity to deliver services to the community at the levels and quality that meet City Council's and the community's expectations. To maintain and meet service expectations, staffing shortfalls are temporarily backfilled or otherwise managed through various means, including through provisional appointments and acting assignments, by increasing the use of temporary/hourly personnel, and by delaying lower priority but essential tasks or long-term projects. The efforts are helpful in the short term but are not sustainable long-term, and have ripple effect impacts to the City's long term organizational health and capabilities. Extensive efforts to fill vacant positions are ongoing citywide, and there has recently been progress in this area.

The elevated vacancy rate is a persistent challenge for Menlo Park and other municipalities, and is due to many complex factors. Some of the factors that affect vacancy rate are external factors beyond the City's control and beyond the scope of this report. It is difficult to recruit and retain qualified local government personnel, in part due to the high cost of living in the region and competition with other employers for qualified talent. The pandemic significantly disrupted the economy at all levels, and resulted in lasting shifts in many people's perceptions of work-life balance and their career priorities. The vacancy rate can fluctuate dramatically for short periods depending on the timing of recruitments, separations, and other personnel changes that often are unexpected.

It is anticipated that an elevated vacancy rate will continue to be a persistent and long-term challenge, in addition to being a current challenge. For these reasons, analyses of current staffing capacity and workload include a current, high vacancy rate of 10% to demonstrate an accurate picture of the limited capacity for current staff to absorb new responsibilities to open and operate the new facility. Notably, the City's fiscal year 2023-24 adopted budget assumed a 10% vacancy rate. This analysis was prepared to represent the current responsibilities staff are working on at a single snap shot in time when it was originally prepared and submitted to the City Council (which first occurred in June 2023). As noted above, lower priority but

essential tasks and other long-term projects were delayed in accordance with the current available capacity; if the organization were operating at a lower vacancy rate, this time would have been filled with those tasks and assignments.

However, as future staffing needs and requests additional capacity are evaluated, it is standard practice to assume no vacancies in any requested positions, to not inflate the requested resources. For this reason, the scenarios presented below assume no vacancies amongst the proposed new/restored positions.

MPCC service needs

The MPCC is a large, complex multiservice public facility, comprised of 37,080 square feet on two levels. It will incorporate some current programs, including a senior center, youth center and branch library which are currently operating in other locations. These programs will move to and expand in the new center. However, much of the service need in the MPCC is for restoring services in the Belle Haven neighborhood that were suspended or substantially reduced during construction, and for expanding existing services to operate the new facility in the manner envisioned by the City Council and community and for which the facility was designed, including new programs which currently do not exist. These service needs are substantial, and will require additional staff capacity to deliver safely, efficiently and effectively, assuming that service levels at the new center are to be comparable or equivalent to current service levels at the Burgess campus.

New public facilities like the MPCC commonly experience significantly increased usage compared to the old facilities they replace – often 2-3 times higher usage. The former community center's closure for construction coincided with the COVID-19 pandemic, widespread facility closures, and personnel reductions made necessary by economic downturn. LCS staffing capacity has not fully recovered from these personnel reductions yet, meanwhile services that were closed during the pandemic at the Burgess campus have been restored.

MPCC expenditure scenarios

There currently are no expenditures or revenues allocated in the City budget specifically to support opening and operating the new facility. Assuming no additional unforeseen construction delays, the issuance of the temporary certificate of occupancy (TCO) for the new facility is tentatively anticipated during the first quarter of calendar year 2024. City staff estimates that opening the new facility to the public will occur approximately 60-90 days after issuance of the TCO. City staff estimates a lead time of 3-6 months is needed to prepare, recruit, hire, onboard and train new/restored staff positions. With this timeline, it is of critical importance to confirm the staffing levels for the new center at the earliest opportunity.

To aid City Council's deliberations about the MPCC operating budget, City staff has prepared three expenditure scenarios for consideration and comparison purposes. In all three scenarios, operating expenses and revenues are presented in amounts representing a full year of operations; however, it is anticipated that operations at the MPCC facility are likely to begin more than halfway through the fiscal year.

Scenario 1 (Recommended)

The recommended expenditure scenario would include approximately \$1.021 million in non-personnel operating expenses and \$966,000 in personnel expenses, including 6.0 FTE new/restored personnel and approximately 5,700 hours of temporary/hourly staff capacity, with offsetting projected revenues of \$715,000 primarily from user fees (Table 1).

In order to open and operate the MPCC in the manner envisioned by the City Council and community without reducing services in other locations, this scenario is recommended to:

- Restore community programs that were suspended or reduced in the Belle Haven neighborhood during the MPCC construction, such as gymnasium, fitness center, recreation services, aquatics center and

- community facility rentals
- Staff an expanded public library space that spans two floors instead of the current one floor space
- Support new services that do not currently exist, such as makerspace and teen zone
- Create a new job classification to support enhanced nutrition services, planning and preparation of nutritious meals for senior center and youth center participants, provide nutrition and health/wellness education services to program participants
- Reinstate overhead and operating costs for a new 37,000 square foot facility, including utilities, supplies and services.

Table 1: Recommended scenario

MPCC item	FTE	Description	Revenues*	Expenditures*
Revenues		User fees, rentals, charges, reimbursements, donations	\$715,000	
Librarian I/II	1	Lead staff for expanded library space, makerspace, teen zone, supervision of subordinate personnel including temps		\$147,000
Library Assistant I	1	Support staff for expanded library space, makerspace, teen zone		\$102,000
Recreation Coordinator	1	Lead staff for gymnasium, recreation center, fitness center, movement studio, facility rentals, supervision of subordinate personnel including temps		\$138,000
Senior Program Assistant	1	Support staff for gymnasium, recreation center, fitness center, movement studio, facility rentals		\$128,000
Nutrition Services Coordinator***	1	Lead staff for senior center daily meal service, youth center food service, nutrition/health/wellness education		\$141,000
LCS Supervisor	1	Building supervisor - daily operations, service delivery, quality assurance, athletic field use, and site liaison to aquatics provider		\$190,000
Temporary staff		Front line customer service support, room set up, related tasks. Approx. 5,700 total hrs/year (approx. 7 individuals @ 16hrs/week)		\$120,000
Non-personnel operating		IT support (internal service charges), supplies, contracts, repairs & maintenance, utilities, training		\$1,021,000
		Subtotal*	\$715,000	\$1,987,000
		Net*		\$1,272,000

* Amounts shown reflect a full 12 months of building operations.

** FTE expenditures reflect estimated total compensation, salary plus benefits.

*** Nutrition services coordinator cost is estimated, benchmarked to recreation coordinator compensation, and would require City Council approval to add to the salary schedule.

Scenario 2 (Alternative)

This alternative expenditure scenario would include approximately \$969,000 in non-personnel operating expenses and \$582,000 in personnel expenses, including 3.0 FTE new/restored personnel and approximately 7,500 hours of temporary/hourly staff capacity, with offsetting projected revenues of \$715,000 primarily from user fees (Table 2).

This alternative scenario is focused on the most critically important needs for providing core services and open hours at MPCC in a manner equivalent or comparable to the current service levels at Burgess campus facilities, however with some service model changes as noted below. Non-personnel expenditures are

slightly lower in this scenario due to slightly lower internal service charges that are aligned to the number of FTE personnel.

This alternative scenario relies heavily on temporary hourly personnel to provide ongoing core services, and focuses new/restored FTE personnel on job classifications that include the ability to supervise and lead front-line staff. Additionally, this scenario would result in service model changes focused on gaining efficiencies in multiple operational areas in order to absorb the new service demands presented by the new facility within available staffing capacity, and would result in perceptible changes to the service levels to which Menlo Park residents are currently accustomed, including:

- Increase use of self-service and automation technology
- Reduce some customer service activities and increase response times to some inquiries
- Reduce or defer workload in some service areas such as library collection development and facility rentals
- Increase programming by third party partners who may charge fees to the City and/or directly to program participants
- Limit MPCC makerspace programming primarily to senior center and youth center participants
- Defer the launch of desired new programs such as MPCC afterschool homework tutoring, health care navigation and/or job seeker programs, pending identification of grants or partners to absorb the costs to wholly operate the programs
- Leverage technology and increase centralization of administrative support tasks.

Table 2: Alternative scenario

MPCC item	FTE	Description	Revenues *	Expenditures *
Revenues		User fees, rentals, charges, reimbursements, donations	\$715,000	
Librarian I/II	1	Lead staff for expanded library space, supervision of subordinate personnel including temps, coordinate partners in makerspace, teen zone	-	\$147,000
Recreation Coordinator	1	Lead staff for gymnasium, recreation center, fitness center, movement studio, supervision of subordinate personnel including temps	-	\$138,000
Nutrition Services Coordinator***	1	Lead staff for senior center daily meal service, youth center food service, nutrition/health/wellness education	-	\$141,000
Temporary staff		Front line customer service support, room set up, related tasks. Approx. 7,500 total hrs/year (approx. 9 individuals @ 16hrs/week)	-	\$156,000
Non-personnel operating		IT support (internal service charges), supplies, contracts, repairs & maintenance, utilities, training	-	\$969,000
Subtotal*			\$715,000	\$1,551,000
Net*				\$836,000

* Amounts shown reflect a full 12 months of building operations.

** FTE expenditures reflect estimated total compensation, salary plus benefits.

*** Nutrition services coordinator cost is estimated, benchmarked to recreation coordinator compensation, and would require City Council approval to add to the salary schedule.

Scenario 3 (Not recommended)

This expenditure scenario would include approximately \$918,000 in non-personnel operating expenses and

\$156,000 in personnel expenses for temporary/hourly staff, offset by \$715,000 in projected revenues (Table 3). Implementing this scenario would involve opening the new facility using current staffing levels, and redirecting some staff capacity currently being used to support services and programs at Burgess campus facilities to the MPCC facility. This scenario is not recommended because of the community impacts to services at City libraries and recreation facilities at MPCC and the Burgess campus that would result, including:

- Additional staff capacity is needed above what is currently available in order to meet projected service demands while retaining comparable or equivalent service levels at MPCC facilities and Burgess campus facilities
- Direct customer service, core services and programs comprise the vast majority of the projected staffing need in the new facility
- Library, recreation, sports, and seniors staff teams are currently operating at capacity to meet current service demands
- Under these criteria, opening the new facility at current budgeted staffing levels would likely require an estimated 10%-12% reduction in open hours at libraries, recreation centers and gymnasiums at both locations, in addition to the efficiency measures noted above in Scenario 2.

Table 3: Not recommended

MPCC item	FTE	Description	Revenues*	Expenditures*
Revenues		User fees, rentals, charges, reimbursements, donations	\$715,000	
Temporary staff		Front line customer service support, room set up, related tasks. Approx. 7,500 total hrs/year (approx. 9 individuals @ 16hrs/week)	-	\$156,000
Non-personnel operating		IT support (internal service charges), supplies, contracts, repairs & maintenance, utilities, training	-	\$918,000
Subtotal*			\$715,000	\$1,125,000
Net*				\$410,000

* Amounts shown reflect a full 12 months of building operations.

If City Council directs staff to pursue this scenario, then City staff will prepare options for potential service level reductions at Burgess campus facilities for City Council review tentatively in December.

Next steps

There currently are no expenditures or revenues allocated in the City's operating budget to support opening and operating the new facility. City Council may direct staff to implement one of the above expenditure scenarios as presented, or to modify a scenario before implementation. After receiving direction from City Council, City staff will prepare the directed resource allocations for City Council action, which could include resolutions to amend the City operating budget and salary schedule, tentatively in December.

Impact on City Resources

Comparison of projected expenditures and revenues

A comparison chart of the above-noted three scenarios and their projected impact to City resources is shown in Attachment G. Staff is working on an update to the City's master fee schedule with a goal of bringing it to the City Council for consideration in early December.

The City's general fund resources are finite and there is some economic uncertainty in the City's long-term

forecast. The City's current and forecast economic circumstances are important factors in City Council's decision-making related to resource allocations.

Fund 111 – One-Time Developer Payments special revenue fund

One potential non-general fund source that could be applied toward the above noted expenditures is the One-Time Developer Payments special revenue fund (Fund 111)., The fund's current balance is approximately \$2.8 million, with an additional \$1.5 million in revenue payments anticipated in the current fiscal year. City Council has not yet identified specific expenditures for Fund 111, and the full balance of approximately \$4.3 million remains unencumbered at this time. City Council could authorize the use of Fund 111 to offset some of the MPCC's operational expenditures in its initial years of operation as one example.

Environmental Review

On Jan. 12, 2021, the City Council determined that the MPCC project is categorically exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines 15302 Replacement of Existing Facilities. The project has substantially the same purpose and capacity as the existing facilities, and this exemption allows for reasonable increases in square footage to accommodate replacement facilities. On Jan. 21, 2021, staff filed a notice of exemption with the San Mateo County clerk.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. In addition, the City sent electronic notices directly to project email and text update subscribers from the project page (Attachment H).

Attachments

- A. Hyperlink – “Rebuilding LCS service adaptation plan – LCS Department Strategic Plan Update,” City Council meeting agenda (item C1, Attachment A). Jan. 30, 2021: menlopark.gov/files/sharedassets/public/v1/agendas-and-minutes/city-council/2021-meetings/agendas/20210130-city-council-agenda-packet.pdf#page=65
- B. Hyperlink – “Provide direction on the proposed programming plan elements for the MPCC.” City Council meeting minutes (agenda item H1), April 4: menlopark.gov/files/sharedassets/public/v1/agendas-and-minutes/city-council/2023-meetings/minutes/20230404-city-council-regular-minutes-approved-compressed.pdf
- C. Hyperlink – “Adopt resolutions for fiscal year 2023-24: adopting budget and capital improvement plan; establishing appropriations limit; amending the salary schedule effective July 2,; extending rate assistance program through June 2024; and accept award authority and bid requirement through June 2024.” City Council meeting agenda (item J1), June 27: menlopark.gov/files/sharedassets/public/v3/agendas-and-minutes/city-council/2023-meetings/agendas/20230627-city-council-regular-agenda-packet.pdf#page=337
- D. Hyperlink – LCS Department organizational chart. <https://menlopark.gov/files/sharedassets/public/v2/library-and-community-services/documents/lcs-org-chart-20231102.pdf>
- E. Hyperlink – City of Menlo Park employment opportunities webpage. menlopark.gov/Services/Apply-for-a-city-job
- F. Hyperlink – City of Menlo Park contract instructors interest form (via Recreation and Sports webpage). menlopark.gov/Government/Departments/Library-and-Community-Services/Recreation-and-sports
- G. Hyperlink – Budget impact summary comparison chart.

menlopark.gov/files/sharedassets/public/v1/library-and-community-services/documents/mpcc_budget-impact-comparison-chart_20231107.pdf

H. Hyperlink – MPCC project webpage. menlopark.gov/communitycampus

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