

Dear Mayor and Council Members,

On behalf of City Manager Ed Shikada, please see staff responses below for questions from Council Member Tanaka on the [Monday, August 5 Council Meeting](#).

Item 4: Authorization to Execute an Amendment to Legal Services Contract S22183520 with Liebert Cassidy Whitmore to Increase Amount by \$150,000 for Total Not-to-Exceed Amount of \$320,000 and to Extend the Term; CEQA Status – Not a Project.

1. Given the request for an additional \$150,000, provide a detailed justification for this amount, including specific tasks and unforeseen complexities that have arisen in the case? Additionally, how do these new costs align with the original scope of the contract and previous amendments?

What performance metrics or evaluations have been conducted to assess the effectiveness of Liebert Cassidy Whitmore's work on this case so far? Share any specific data or outcomes that justify the increased budget. Why were these metrics not included in the staff report?

Has the city considered alternative legal strategies or solicited competitive bids from other law firms to ensure we are getting the best value for our money? If so, what were the findings, and if not, why was this not explored as part of the staff report?

Are we at risk of becoming overly dependent on Liebert Cassidy Whitmore by continually increasing their budget? What measures are in place to mitigate this risk and ensure we have flexibility in our legal representation, and why was this not addressed in the staff report?

Staff response: These questions seek information covered by Attorney-Client privilege and therefore cannot be disclosed in a public forum. Councilmembers have been briefed in Closed Session.

Item 6: Adoption of a Resolution Establishing Fiscal Year 2025 Property Tax Levy for General Obligation Bonds (Measure N Libraries); CEQA Status: Not a Project

1. With the General Obligation Bonds extending until 2044, what are the detailed long-term financial strategies to maintain fiscal flexibility and address other critical financial needs that may arise? Specifically, how will the city manage potential economic downturns or declines in property values that could impact its ability to meet debt obligations?

Staff response: The City's GO Bonds are paid through levying additional property taxes and are guaranteed by general **government** revenue. To ensure that the property tax levy equals the debt service payment, the tax rates are annually adjusted based on the current assessed valuation. This levy is based upon assessed valuation, not market value of properties.

2. Provide a comprehensive analysis of alternative funding mechanisms that were considered for repaying the Measure N bonds, such as public-private partnerships or grants? Specifically,

what were the pros and cons of these alternatives, and why were they ultimately not pursued in favor of the property tax levy?

Staff response: Prior to voter approval of Measure N, funding analysis was presented to the Council. Donations by the Palo Alto Library Foundation and Friends of the Palo Alto Library were also received.

- 3. What specific assessments have been conducted to evaluate the impact of the proposed property tax levy on overall housing costs and affordability in Palo Alto? What mitigation strategies are being considered to ensure that the levy does not exacerbate the existing housing affordability crisis for current and potential homeowners?**

Staff response: Special assessment fiscal impacts are disclosed to the public through the annual GO Bonds levy report to Council, property tax billings, and in the original ballot measure.