

FY 2017 Proposed Operating Budget

May 10th Recap

Finance Committee

May 12, 2016



Current Status

BUDGET PROCESS

Date	Draft Adjustments to Budget	FY 2017	Dept	Date	Parking Lot Issues	Amount	Dept	Priority
	Beginning Balance	\$ -		3-May	Office of Sustainability Contingency	250,000	Non-Dept	
3-May	No Changes	0		3-May	2016 Elections Funding	150,000	Non-Dept	
5-May	No Changes	0		3-May	Establish Budget Uncertainty Reserve	2,000,000	Non-Dept	
10-May	No Changes	0		3-May	Transfer from the General Fund: Traffic Signal and Streetlight Electric Costs Improvement Fund	2,226,122	Non-Dept	
12-May	TBD			3-May	Reduce Transfer to General Capital	(1,400,000)	Non-Dept	
17-May	TBD			5-May	Realignment of Development Services Staffing	412,867	Fire	
23-May	TBD			5-May	Fire Station Furniture, Fixtures, and Equipment	125,000	Fire	
		\$ -		5-May	TrackWatch Contract	824,000	Police	
				5-May	HRAP - Page 221	1,435,508	CSD	
				10-May	Realignment of Fire Prevention, Planning, and Public Works' Staff	(607,922)	OSD	
				10-May	Planning Contingency Funding	TBD	PCE	
				10-May	Establishment of two new RPPs at City Council 5/9/2016 ongoing O&M	232,000	PCE	
				10-May	Planning/Development Services Staffing Alignment	95,060	PCE	
					Total:	\$5,415,575		



FY 2017 Proposed Municipal Fee Schedule

Finance Committee

May 12, 2016



Background

- Annual Process
- User Fee Cost Recovery Level Policy
- Cost of Services Studies:
 - Planning & Community Environment
 - Development Services



Fee Adjustment Recommendations

- FY 2017 Salary & Benefit adjustment = 5.5%
- Fees over 100% adjusted down
- Development Impact fee adjustments
 - Construction Cost Index = 3.5%
- 12 new fees
- 8 deleted fees
- 118 changed fees



New Fees

- Mitchell Park – Cleaning Package (CSD)
- Wet Season Construction Site Stormwater Inspection (Development Services - Public Works)
- Offsite document Recovery (Police)

Deleted Fees

- Art Center Green Room (CSD)
- Cubberley Community Center Theater Rentals (CSD)
- Sales – Coffee/Tea – Self Serve (Library)



Changed Fees

- Fee adjusted to align with market value
 - Art Center: Auditorium Rental – 10% increase
- Fee adjusted to reach desired cost recovery
 - Encroachment Permit: Dumpster – 10% increase
- Technical adjustments

FY 2017 Proposed Operating Budget Public Works

Finance Committee
May 12, 2016

Department Overview

Mission

Purpose

Divisions

- Environmental Services
- Engineering Services
- Airport
- Public Services



FY 2017 Proposed Budget Public Works

Item 3.a)
General Fund
Operating Budget pp. 350-360

Accomplishments & Initiatives

Fiscal Year 2016 Accomplishments

- Pavement Condition Index
- Council Infrastructure Plan
- APWA accreditation
- Residential food scraps collection & commercial recycling and composting
- Sludge dewatering & truck loadout facility

Fiscal Year 2017 Initiatives

- Complete Baylands Interpretive Center renovation and boardwalk replacement design
- Complete Environmental Impact Review (EIR) for Newell Road Bridge Project
- Maintain the health of the urban forest
- Modernize City building systems to reduce energy consumption

General Fund

Significant Budget Proposals:

- Tree Trimming Services, \$569,000

	Previous Tree Trimming Contract	Proposed Tree Trimming Contract
Annual Cycle	7 year	15 year
Trees pruned annually	5,050	6,300
Annual Cost	\$350,000	\$968,000

➢ Increased pruning cycle implications and risks

- Urban Forest Master Plan, \$200,000

FY 2017 Proposed Budget Public Works

Item 3. d)

Wastewater Treatment Fund

Operating Budget pp. 378-386

Capital Budget pp. 551-580



Wastewater Treatment Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Secure state funding and award construction contract for dewatering
- Initiate strategic planning for Northwest County Water Reuse

Key Changes from Fiscal Year 2016:

- Operating Increase: 8.6%
 - (5.5% before debt service correction)
- Capital Increase: 92%
 - dewatering/incinerator; plant rehab projects
 - Funded by State Revolving Fund loans
- Capital Reappropriations \$16.0 million

Rate Increase: 9%



14

Wastewater Treatment Fund Significant Budget Proposals

(Palo Alto's Share)

1/3 FTE: Senior Engineer – Emergency equipment repairs and CIPs

- Catch up: Deteriorating 45 year old Plant
- Execute: \$200 million capital program

2/9 FTE: Management Analyst – Fund analysis for partner agencies

- Multiple partner agreements, cost/rate analyses and reports
- Increased CIP activity demands greater financial management

1/3 FTE: Senior Engineer – Recycled water wholesaler management

- Compliance with state regulatory requirements for wholesaler
- Public health management



15



16

Reuse Alternatives

www.cityofpaloalto.org/recycledwater



Water Reuse Opportunities in Palo Alto

Wastewater Treatment Plant



Emily Renzel Wetlands



Palo Alto's Recycled Water Project is Phase 3 of Program Expansion



17

FY 2017 Proposed Budget Public Works

Item 3. b) Refuse Fund

Operating Budget pp. 361-368

Capital Budget pp. 491-500



Refuse Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Implement phase 2 commercial recycling & composting ordinance
- Implement landfill post-closure inspection & maintenance program

Key Changes from Fiscal Year 2016:

- Expenses increasing by 3.9%
- Capital reappropriations \$0.1 million

Significant Budget Proposals:

- Landfill staffing, \$72,000
- Division administrative staffing, \$56,000



19

FY 2017 Proposed Budget Public Works

Item 3. c)

Storm Drain Fund

Operating Budget pp. 369-377

Capital Budget pp. 501-518



Storm Drainage Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Substantially complete remaining projects in 2005 ballot measure
- Commence development of Green Infrastructure Plan
- Secure approval of Blue Ribbon Committee recommendations, funding plan and potential ballot measure for early 2017

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$7.7 million
 - Reappropriations \$4.7 million

Significant Budget Proposals:

- Increase in Storm Drainage Fee, (\$193,723)
- Green Infrastructure Plan, \$50,000



21

FY 2017 Proposed Budget Public Works

Item 3. e)

Airport Fund

Operating Budget pp. 387-393

Capital Budget pp. 327-342



Airport Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Complete design of apron reconstruction project
- Construct security fencing project
- Evaluate Fixed Based Operator leasing options

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$2.6 million
 - FAA grant revenues \$2.2 million

Significant Budget Proposals:

- Increase to General Fund loan, \$400,000 (FY2017 total loan of \$0.7 million)



23

FY 2017 Proposed Budget Public Works

Item 3. f) & 4

Vehicle Fund Budget/3 Year Pilot Contract

Operating Budget pp. 394-401

Capital Budget pp. 657-686

CMR #6887 Contract For On-Site Fleet Parts and Inventory Program



Vehicle Replacement Fund FY2017 Budget

Fiscal Year 2017 Initiatives:

- Evaluate replacement charges
- Replace aging vehicles and analyze utilization for ideal fleet size
- Increase electric and hybrid vehicle replacements to reduce emissions
- Improve replacement parts inventory management processes

Key Changes from Fiscal Year 2016:

- FY 2017 Proposed CIP \$8.9 million
 - Capital reappropriations \$4.9 million
 - Vehicle Replacement Reserve \$3.3 million

Significant Budget Proposals:

- Replacement of co-owned fire truck, transfer from General Fund (\$158,000)
- Installation of GPS monitoring, \$53,570

Item 4: 3-Year Pilot Program for Fleet Parts/Inventory

Current Process

- Annual inventory of \$260,000
- 4 staff members, 2,000 hours , 3,500 transactions annually

Pilot Program

- Study recommended
- Staff available for fleet maintenance and vehicle replacements
- Freeze one FTE
- Annual savings of approximately \$245,000

Refuse Fund FY17 Key Personnel Changes

- **Substitute 1 permanent FTE for landfill post closure maintenance and drop hourly position**
 - New environmental protection systems
 - Safety requirement
- **1/3rd FTE for Division Management Analyst**

Refuse Fund FTE History

FY12	FY13	FY14	FY15	FY16	FY17
38.07	26.47	21.95	16.25	15.2	15.65

