



Item # 1

City of Palo Alto

M E M O R A N D U M

TO: Finance Committee

DATE: May 9, 2017

SUBJECT: Additional Information Pertaining to the Fiscal Year 2018 Proposed Operating Budget

This memorandum transmits additional information requested by the Finance Committee in regards to the Fiscal Year 2018 Proposed Operating Budget.

General Fund Overtime and Salary Comparison (Finance Committee Meeting Budget Hearing May 4th)

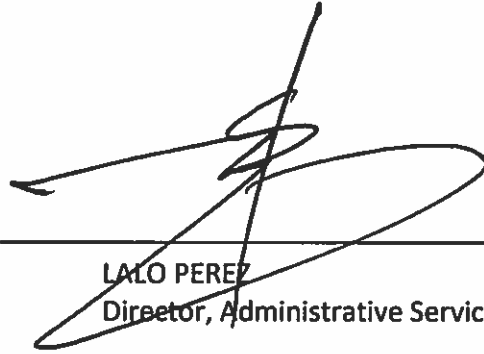
At the May 4th Finance Committee meeting, the Committee inquired about General Fund Overtime and General Fund Salary by department. Included with this memorandum are two charts detailing General Fund overtime by department (Attachment A) and General Fund salaries by department (Attachment B). Detailed in the charts are FY 2015 Actuals, FY 2016 Actuals, the 2017 Adopted Budget, and the 2018 Proposed Budget. AS staffing levels are a key driver of changes in salary levels, the attachment also includes a list of full-time equivalents (FTE), including both full-time and part-time positions, for the FY 2017 Adopted Budget as well as the FY 2018 Proposed Budget. These FTE changes include 1.25 positions added to the City Manager's Office as part of CMR 7227 on October 24, 2016, as well as proposed changes as outlined in the City Manager's FY 2018 Proposed Budget released April 2017.

Comparison of Neighboring Airport Tiedown Rates and Federal Aviation Administration (FAA) Grant Assurances (Finance Committee Meeting Budget Hearing May 4th; Agenda Item #5e)

At the May 4th Finance Committee meeting, the Committee inquired about the tiedown rates at the Palo Alto Airport compared to the rates at the neighboring San Carlos Airport, as well as information regarding the FAA Grant Assurance documentation that the Palo Alto Airport adheres to as a result of accepting grants from the FAA. The San Carlos Airport charges \$137 per month for tie-downs and \$0.56 per square foot is the average monthly rate for hangars, whereas the tie-down rate at the Palo Alto Airport is \$159.50 per month and the average monthly rate for a hangar is \$0.80 per square foot. Palo Alto Airport tie-down and hangar rates are established based on industry market value and take into consideration neighboring airports, land value, user accessibility and location. The FAA grant assurance documentation

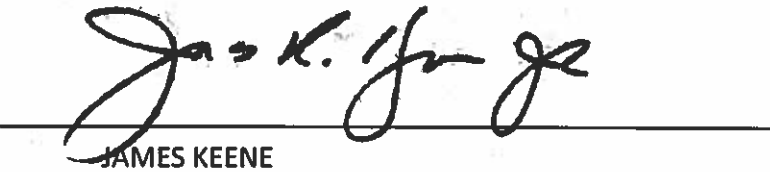
can be found here https://www.faa.gov/airports/aip/grant_assurances/media/airport-sponsor-assurances-aip.pdf.

DEPARTMENT HEAD:



LALO PEREZ
Director, Administrative Services/CFO

CITY MANAGER:



JAMES KEENE
City Manager

Attachment A: General Fund Overtime by Department
Attachment B: General Fund Salaries by Department

General Fund Overtime By Department

Department	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Adopted	FY 2018 Proposed	\$ Change	% Change
Non-Public Safety						
Administrative Services	35,716	45,516	33,723	33,723	0	0.0%
City Clerk	6,748	5,237	6,696	6,696	0	0.0%
City Manager	126	-	-	-	0	N/A
Community Services	119,244	178,845	101,795	101,795	0	0.0%
Development Services*	93,806	317,769	47,500	47,500	0	0.0%
Human Resources	1,603	1,451	-	-	0	N/A
Library	43,747	36,276	68,783	68,783	0	0.0%
Office of Emergency Services	480	260	-	-	0	N/A
Office of Sustainability	450	-	-	-	0	N/A
Planning and Community Environment	44,233	59,226	60,753	60,754	0	0.0%
Public Works	208,125	222,549	172,085	172,085	0	0.0%
Sub-total Non-Public Safety:	554,278	867,129	491,334	491,334	0	0.0%
Public Safety						
Fire**	2,171,315	2,595,138	1,413,714	1,396,436	(17,278)	-1.2%
Police	1,893,220	2,019,330	1,500,000	1,700,000	200,000	13.3%
Sub-total Public Safety:	4,064,535	4,614,468	2,913,714	3,096,436	182,722	6.3%
Grand Total:	4,618,813	5,481,597	3,405,048	3,587,770	182,722	5.4%

* The FY 2016 actuals are significantly higher since they reflect charges associated with backfill activities for the Fire Department. This is an accounting error that was subsequently adjusted in final financial reporting.

** The FY 2018 Proposed Budget for Fire Department overtime reflects the net impact of a recommended increase to align with negotiated salary increases approved by the City Council in April 2016, offset by a reduction to reflect potential changes in deployment pending completion of negotiations.

General Fund Salary By Department

Department	FY 2015 Actuals	FY 2016 Actuals	FY 2017	FY 2018	\$ Change	% Change	FY 2017	FY 2018	FTE Change
			Adopted	Proposed			Adopted FTE ¹	Proposed FTE ¹	
Administrative Services	3,777,732	4,120,344	4,280,155	4,212,658	(67,497)	-1.6%	41.50	40.06	(1.44)
City Attorney	1,258,097	1,289,893	1,734,929	1,772,423	37,494	2.2%	11.00	11.00	-
City Auditor	562,385	612,070	641,056	659,949	18,893	2.9%	5.00	5.00	-
City Clerk	470,239	425,956	584,996	616,225	31,229	5.3%	6.23	6.23	-
City Council	67,310	69,965	86,400	108,000	21,600	25.0%	9.00	9.00	-
City Manager ²	1,028,485	1,436,369	1,558,120	1,715,490	157,370	10.1%	9.00	10.25	1.25
Community Services ³	7,738,298	8,036,627	9,064,569	9,289,484	224,915	2.5%	144.26	145.04	0.78
Development Services	3,402,255	3,299,985	4,082,729	4,293,217	210,488	5.2%	39.91	40.00	0.09
Fire ⁴	10,943,398	11,197,348	12,861,242	13,745,200	883,958	6.9%	109.21	109.21	-
Human Resources	1,686,158	1,667,000	1,811,523	1,857,392	45,869	2.5%	17.44	17.20	(0.24)
Library	3,495,803	3,851,473	4,278,886	4,409,306	130,420	3.0%	63.58	63.58	-
Office of Emergency Services	364,197	366,326	375,206	402,563	27,357	7.3%	3.48	3.48	-
Office of Sustainability	146,842	300,642	176,259	296,681	120,422	68.3%	1.00	1.96	0.96
Planning and Community Environment	2,866,179	3,116,093	3,396,040	3,207,363	(188,677)	-5.6%	32.44	31.65	(0.79)
Police	15,500,707	15,715,984	17,342,746	18,396,666	1,053,920	6.1%	158.38	158.38	-
Public Works	4,407,539	4,551,665	4,972,445	5,362,831	390,386	7.9%	57.85	58.16	0.31
Grand Total:	57,715,624	60,057,740	67,247,301	70,345,448	3,098,147	4.6%	709.28	710.20	0.92

¹ FTE numbers include both full-time and part-time positions.

² As part of CMR #7227, approved by the City Council on October 24, 2016, 1.25 Positions were added to the City Manager's Office. When comparing salary growth to this FY 2017 Modified Staffing Level, the percentage change is 3.6%, or approximately \$98,000.

³ This FY 2018 figure assumes 1.0 FTE is held vacant for the year.

⁴ This FY 2018 Figure assumes approximately \$580,000 in salary reductions; however, no change in authorized FTE is yet included pending completion of negotiations.